

ANNUAL REPORT 2010/11



palama

Public Administration Leadership
and Management Academy
REPUBLIC OF SOUTH AFRICA



Honourable Minister, Mr MR Baloyi,

It is with great pleasure that I present to you the 2010/11 Annual Report of the Public Administration Leadership and Management Academy in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended by Act 29 of 1999.

Prof. LS Mollo

Director-General of PALAMA



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EFFECTIVENESS

QUALITY

ACCESS

PERFORMANCE

OUTPUT

Part One

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I.1 Mission, Vision and Values

The purpose of PALAMA is to help build a capable public service, through providing and coordinating extensive opportunities and access to leadership and management competency development oriented programmes, specifically aligned to the learning and knowledge needs of public service managers and executives and contributing to service delivery improvement.

Mission

To provide, directly and through suitable partnerships, leadership and management development and training that is:

- High-quality: accredited and monitored
- Relevant: to government delivery needs
- Practical: covering “hard” and “soft”, generic and specific skills
- Aligned: to MPSA competency frameworks

for all management levels across all three spheres of government

Vision

A public service whose members are:

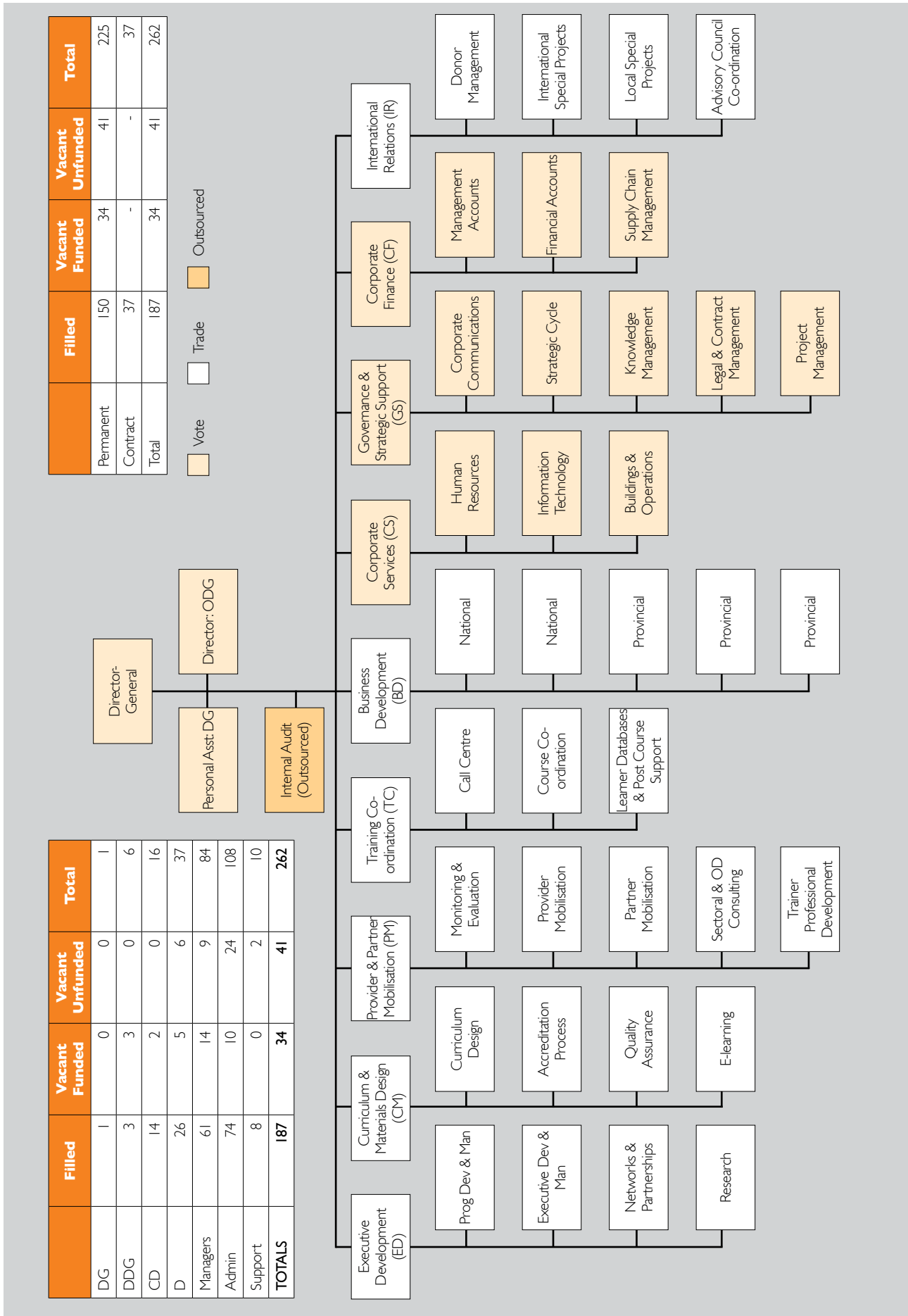
- Capable
- Committed
- Innovative
- User-oriented

in the service of the South African developmental state.

The Academy subscribes to the following Values:

- i – Integrity
- P – People centred
- A – Activism
- L – Loyalty
- A – Accountability
- M – Motivated
- A – Adaptability

1.2 Organisational Structure





1.3 Statement by the Minister

Mr MR Baloyi,
Minister for Public Service and Administration



The 2009 national and provincial election outcome confirmed the support from the majority voters that mandated the African National Congress-led government to continue governing the country for a further five-year period. Under the leadership of President Jacob Zuma, the current government administration is even more intent on ensuring that effective service delivery takes place within the ideals of a developmental state, and towards a better life for all.

The work of the portfolio of Public Service and Administration is focused on the minimum of having to achieve goals set for one of the twelve outcomes of government, under the theme “Building an efficient, effective and development-oriented public service, as well as an empowered, fair and inclusive citizenship”. The maximum focus of this portfolio has to deal with all those issues that will ensure the total consolidation, stabilization and activation of the state machinery around the sustenance of the values of our government administration, and affecting all the three spheres of government as well as the State-owned Entities. As Head of the portfolio for the Public Service and Administration and Coordinator accountable for outcome 12, I committed to a Service Delivery Plan with key delivery partners that form an implementing cluster for the agreement I signed with the State President.

The Service Delivery Plan has identified key outputs and activities to be jointly and individually implemented by all departments and institutions within my portfolio and other delivery partners enjoined for the implementation of this plan. Key to the issues to be addressed is the issue of corruption which remains a key priority not only for this portfolio, but for government at large.

PALAMA has therefore been entrusted with a role of ensuring that our public servants are trained and developed in dealing with corrupt activities, and are aware of ethical management practices. Notable during the 2010/11 financial year, is that PALAMA has rolled out training on ethics and anti-corruption, particularly in anti-corruption combatting and investigations. The Academy also developed an anti-corruption discussion forum towards building a community of practice to share experience and engage on problem solving solutions on-line.

The work of the Ministry further covers other aspects contributing to the building of an effective, efficient and development-oriented public service with a cadre of public servants that demonstrate a set of values, ethos and culture that is worthy in the spirit of serving the people of our country with pride. Key to achieving this is how the

public service inducts those that fall within the realm of public service employment. PALAMA has therefore been placed at the centre of the design, development and implementation of public service induction programmes. Already, an increasing number of PALAMA courses and programmes have begun to integrate the attributes of a public service cadre into their course content to ensure that we begin to inculcate the ethos of dedication and care whilst improving capability. This is in addition to the mandatory induction programme rolled-out as part of the probation training for all new entrants to the public service, the SMS Wamkelekile Induction programme for Senior Managers and Executives as well as in-service re-orientation programme. The role played by the provincial sphere of government in working with PALAMA to roll-out these programmes is underscored, particularly as a contributing factor to the successful roll-out of the Public Service Induction programme.

As we measure our success through the work done by PALAMA, the importance of being on-board and owning service delivery processes has become very evident. This has brought about a need for the review of PALAMA's current business model. Work done in this regard has seen us finalising the year 2010/11 with a framework for PALAMA's Further Transformation Plan. Further work will be done in the 2011/12 financial year leading to the finalisation of the further transformation of PALAMA towards a School of Government.

Through this School of Government, we anticipate that the philosophy, content and method of training will be connected with our aspirations of a developmental state. All our public servants will be trained under an integrated public service framework, receive targeted mandatory training in specified fields and undergo training through a specified minimum number of days per year.

Key foundations that allow us to move forward have been laid, failure is not an option. The process of further transforming PALAMA will be finalised in 2011/12 financial year.



Mr MR Baloyi, MP
Minister for Public Service and Administration



1.4 Statement by the Deputy Minister

Ms A Dlodlo,
Deputy Minister for Public Service and Administration



PALAMA's Annual Report for the 2010/11 financial year is being presented during very interesting times in the governance and development of South Africa. Never in the history of our democracy have we witnessed a stronger need to hasten the manner in which we deliver services. The State President has called upon the public service to work harder and smarter in addressing the needs of the citizens. Government has identified five priorities for achievement during this electoral cycle, with job creation being the most critical priority, and which is seen as a critical success factor in the growth and development of our country. The public service plays an integral role in creating and sustaining an environment for job creation possibilities, and is also critical in the delivery of quality public services. More than 16 years into our democracy, we still find that the public service faces many challenges, particularly in relation to the level and depth of skills capacity.

Public service also needs to deal with the burden of cost to the state, especially, that experienced through bad leadership and indecisiveness in the area of human resource management and the handling of labour relations matters.

PALAMA, as the legislated training institution, has been mandated to provide or facilitate the provision of training to public servants, in order that they are empowered to fulfil their responsibilities to our communities. During this financial year, PALAMA has been able to ensure the provision of training across the spectrum of the public service and other organs of state, such as the provincial legislatures, through the suite of programmes targeting executive development and generic management training.

In all the work we do, the portfolio of Public Service and Administration (the portfolio) must ensure that departments are capacitated to implement programmes aimed at gender, disability and the youth. In this regard, it is important to note that PALAMA's Gender Mainstreaming Programme (GMP) continues to be rolled-out. Furthermore, 20 new PALAMA courses were assessed for gender sensitivity and inclusivity. The success of PALAMA's efforts in ensuring gender mainstreaming in South African public service employment extended beyond its borders, in that the Academy also implemented gender mainstreaming training through the Southern African Development Community (SADC) Gender Work Group with plans for training roll-out in this region. In terms of youth development, PALAMA has also developed and rolled-out the Breaking Barriers to Entry Programme for unemployed youth graduates in order to prepare them for potential public service employment positions.

PALAMA's interventions in the continent and internationally is also worth mentioning, as the Academy supports efforts to improve the conditions of living of the people of the continent. The Regional Capacity Building (RCB) Project in three post-conflict countries continues to yield positive results in terms of capacity building initiatives. The Academy is also part of the India-Brazil-South Africa (IBSA) initiative with other management development institutes, in developing Public Sector capacity. During this financial year, PALAMA also played host to international delegations as part of knowledge exchange and sharing.

Our task as the portfolio is a pivotal one as we are charged with managing the transition, evolution and the reform of the public service. This entails transforming and modernising the public service through the development and implementation of policies and frameworks, providing implementation support, ensuring compliance, and strengthening monitoring and evaluation to improve service delivery. The role of PALAMA in this process cannot be underestimated.

The Ministry will commence with engagements on the process map to Parliament towards implementing the single public service. The process map will also provide an opportunity to the Ministry to engage on the repositioning of PALAMA as a mandatory training school of government for public servants across all three spheres of government.

The South African Government is committed to improving access to quality services rendered through government access points. We remain steadfast in our commitment to the creation of an efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenry, based on *Batho Pele* principles.



Ms A Dlodlo, MP
Deputy Minister for Public Service and Administration



1.5 Accounting Officer's Overview

Prof. LS Mollo
Director-General of PALAMA



The Annual Report of the Public Administration Leadership and Management Academy (PALAMA) presented here reflects an organisation in transition, coming to terms with the present, whilst gearing itself for a different future.

The 2010/11 financial year is the second year of the further transformation of PALAMA and has provided an opportunity to assess and identify the challenges of the current business model:

- The model of moving “from competitor to collaborator” in training has not paid the dividends expected. The South African training landscape is highly competitive among private providers and higher education institutions, and between private and public providers such as PALAMA. The provincial training academies also continue to provide their own provincially-based training. The model has also enabled some private providers to double-dip by providing training through PALAMA, failing which they would then bid separately to provide public service training on their own.
- The model of moving “from training provider to facilitator of training” has led to training becoming more expensive, with PALAMA as the ‘training facilitator’ becoming an interface between public servants requiring training on the one hand, and outsourced providers on the other hand.
- As a consequence, the model to move “from selective to massified training provision” has not resulted in any significant change in the number of public servants trained. There has in fact been a decline in the number of public servants choosing PALAMA for training purposes as reflected in the 2010/11 Annual Report.

We remain committed advocates of our future. PALAMA continues to work across the public service towards achieving the outcome of producing a skilled and capable public service workforce. PALAMA contributes to the development of an effective public service through the provision of relevant programmes that inculcate the attributes, values and service culture that support the implementation of the government’s developmental agenda. This requires the development of cadres – from entry to exit, and from front line workers to executives - who do what needs to be done with care and consideration, in the service of the citizens of South Africa.

The Minister for Public Service and Administration, Hon MR Baloyi (MP), has made it clear that our goal as PALAMA must be to develop public service cadres who break new ground, inspire success, raise the standard, believe that nothing is impossible, take collective responsibility and work in teams, are on-board and own service delivery processes, make a difference to the people, and are international activists. In the last financial year, we have ensured that these attributes are infused into our new course development and training interventions.

These attributes inform our Breaking Barriers to Entry training programme – an intervention aimed at training unemployed graduates to enhance their public service employment opportunities. They also frame our revised public service induction programmes to also ensure that new entrants into public service are inducted in the manner that already begins to inculcate the eight attributes of a public service cadre from entry. Our management and leadership programmes have also begun to integrate these attributes as part of the development process.

During the 2010/11 financial year, an intensive process of consultation was established with key stakeholders aimed at the further transformation of PALAMA into a School of Government. This continues into the 2011/12 financial year, intended to culminate in the presentation of a new business plan to Cabinet with proposals which will aim at repositioning PALAMA as a School of Government for the public service.

The organisational and financial performance of PALAMA for the 2010/11 financial year is outlined in this annual report. Notwithstanding the challenges of meeting certain key performance targets during this financial year, PALAMA remains optimistic that it is making a difference through its training interventions.

In presenting this report, PALAMA would like to express its appreciation to the Minister for Public Service and Administration, Hon MR Baloyi (MP) for his continued leadership and support. During this financial year, PALAMA has had the privilege of being served by two Deputy Ministers in succession, former Deputy Minister for Public Service and Administration Radhakrishna (Roy) Padayachie (MP) who is now Minister for Communication, and current Deputy Minister for Public Service and Administration Ayanda Dlodlo (MP). Both have shared their wealth of experience and knowledge contributing to the leadership guidance vital for PALAMA.

I thank the leadership and staff of PALAMA for their commitment and contribution towards an efficient and effective public service.

The future is in our hands and we are condemned to succeed!



Prof. LS Mollo
Director-General of PALAMA

I.6 Constitution and Legislative Mandate

I.6.1 The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)

When former President, Mr Nelson Mandela, signed the Constitution on 10 December 1996 in Sharpeville, he reminded the nation of the pledge we made to ourselves and to the world, that we shall redeem ourselves from centuries of struggle against racial domination and widen the frontiers of human freedom¹. The signing of the Constitution into law was seen as an embodiment of the nation's highest aspirations towards building a society that we can be proud of as South Africans.

The South African Constitution is considered by many as one of the most progressive in the world and is the foundation of South Africa's democracy. As the fundamental law in South Africa, the Constitution enshrines a Bill of Rights that guarantees the rights of people and affirms the democratic values of human dignity, equality and freedom. These rights include the right to equality; the right to human dignity; freedom of expression; freedom of association; right to fair labour practices; the right to have access to health care, food, water and social security; the right to education; and the right to access information. These rights are critical to public administration in South Africa and to the public service in particular, in that they form the foundation for the minimum standards of service delivery to the citizens of the country.

Since 1994, the government has made significant strides towards ensuring that all, in particular the previously marginalised black populace, receive minimum standards of basic services. These strides have been documented in government publications, and more recently, are outlined in the 2010 Development Indicators released by The Presidency.

The Constitution (chapter 10) also enshrines a set of basic values and principles that govern public administration, which are critical to any public or state institution. These values and principles are:

- A high standard of professional ethics must be promoted and maintained.
- Efficient, economic and effective use of resources must be promoted.
- Public administration must be development-oriented.
- Services must be provided impartially, fairly, equitably and without bias.
- People's needs must be responded to, and the public must be encouraged to participate in policy-making.
- Public administration must be accountable.
- Transparency must be fostered by providing the public with timely, accessible and accurate information.
- Good human resource management and career development practices, to maximise human potential, must be cultivated.
- Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

The Constitution is the supreme law, and any other law passed in the country must be consistent with the Constitution, otherwise it may be deemed invalid. The mandate for the public service is drawn primarily from the Constitution, including the aforementioned values and principles, and has been the catalyst for significant pieces of policy and legislative frameworks in the public service. Some of these include the Public Service Act, Public Finance Management Act, Skills Development Act and the Employment Equity Act, as well as other public service values such as *Batho Pele*.

Of primary significance to PALAMA are the principles of the cultivation of good human resource management and career development practices, as well as values promoting and maintaining a high standard of professional ethics. All these values and principles must be inculcated in the training and development programmes and interventions of PALAMA.

1. Speech by former President, Mr Nelson Mandela, at the signing of the Constitution, Sharpeville, 10 December 1996 (www.gov.za)

1.6.2 Public Service Amendment Act, 2007 (Act No. 30 of 2007)

Since the proclamation of the Public Service Act in 1994, this piece of legislation has been amended over the years to ensure coherence in the norms and standards relating to the public service. The Act provides for the organisation and administration of the public service, the regulation of the conditions of employment, terms of office for those serving in the public service, discipline, retirement and discharge of members of the public service.

In terms of the Constitution, government is constituted in national, provincial and local spheres that are distinctive, interdependent and interrelated. The Public Service Act is currently applicable to national and provincial government departments and related components, through its definition of a “department”. The local sphere of government is governed by such pieces of legislation as the Municipal Systems Act and the Municipal Structures Act.

The legislative mandate for the provision of training in the public service is outlined in the Public Service Amendment Act as follows:

- (1) There shall be a training institution listed as a Schedule I national department.
- (2) The management and administration of such institution shall be under the control of the Minister.
- (3) Such institution-
 - (a) shall provide such training or cause such training to be provided or conduct such examinations or tests or cause such examinations or tests to be conducted as the Head of the institute may with the approval of the Minister decide on courses as may be prescribed as a qualification for the appointment or transfer of persons in or to the public service;
 - (b) may issue diplomas or certificates or cause diplomas or certificates to be issued to persons who have passed such examinations.

1.6.3 Medium Term Strategic Framework (2009-2014)

In addition to the Constitution of the Republic of South Africa, and the Public Service Amendment Act, the work of PALAMA is greatly influenced by government’s Medium Term Strategic Framework (MTSF) for 2009-2014 as well as government’s outcomes-oriented approach towards improving performance.

The current MTSF guides government’s programme, and follows the successful fourth democratic elections milestone that ushered in a new government administration under the leadership of the President, Mr JG Zuma.

The 10 (x) strategic priorities set for achievement during this electoral cycle are:

- i. Speeding up growth and transforming the economy to create decent work and sustainable livelihoods.
- ii. Massive programmes to build economic and social infrastructure.
- iii. A comprehensive rural development strategy linked to land and agrarian reform and food security.
- iv. Strengthen the skills and human resource base.
- v. Improving the health profile of all South Africans.
- vi. Intensifying the fight against crime and corruption.
- vii. Building cohesive, caring and sustainable communities.
- viii. Pursuing African advancement and enhanced international cooperation.
- ix. Sustainable resource management and use.
- x. Building a developmental state, including improvement of public services and strengthening democratic institutions.

The activities of PALAMA are largely influenced by strategic priority 10 (x) relating to the building of a developmental state, although PALAMA also has a significant role in building overall state capacity towards the achievement of all strategic priorities.

Critical towards building a developmental state, is the improvement of the technical capacity for those serving in government to be able to translate its aims and objectives into action plans and deliverables to serve the national interests. The required capacity and efficacy improvements include strengthening the capacity for medium to long-term planning; improving capacity for effective monitoring and evaluation; improving the management and development of human resources in departments; improving the performance and management capacity of frontline services and back-office support systems; and entrenching a culture and practice of efficient, transparent, honest and compassionate public service.

1.6.4 Outcomes Approach to Government Performance

One of the key attributes of the government administration, under the leadership of the President, Mr JG Zuma, has been the strong emphasis placed on outcomes-oriented government performance, and which has led to the establishment of a Ministry for Performance Monitoring and Evaluation. The new administration has adopted the outcomes-oriented approach towards government performance, and is guided by three imperatives: (i) the need for prioritisation; (ii) outcomes-based planning; and (iii) performance management with a focus on a few priorities.

In terms of the outcomes approach, government has adopted 12 outcomes to be achieved during this electoral cycle, and which are aligned to the strategic priorities set out in the MTSF document. The January 2010 Cabinet Lekgotla adopted the following 12 (xii) outcomes:

- i. Improved quality of basic education.
- ii. A long and healthy life for all South Africans.
- iii. All people in South Africa are and feel safe.
- iv. Decent employment through inclusive economic growth.
- v. A skilled and capable workforce to support an inclusive growth path.
- vi. An efficient, competitive and responsive economic infrastructure.
- vii. Vibrant, equitable and sustainable rural communities with food security for all.
- viii. Sustainable human settlements and improved quality of household life.
- ix. A responsive, accountable, effective and efficient local government system.
- x. Environmental assets and natural resources that are well protected and continually enhanced.
- xi. Create a better South Africa and contribute to a better and safer Africa and world.
- xii. An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.

The Minister for Public Service and Administration is accountable for outcome 12 (an efficient, effective and development-oriented public service) and has entered into a delivery agreement with the State President, this being a service-delivery commitment with relevant and key stakeholders. This delivery agreement seeks to achieve the following outputs in order to ensure that the public service operates more efficiently and effectively:

- i. *Service delivery quality and access* (including responsiveness, service user satisfaction, value for money, and access);
- ii. *Human resource management and development* (including performance development, performance assessment, recruitment, retention, career-pathing, discipline, human resource planning, and skills development);
- iii. *Business processes, systems, decision rights and accountability management* (including improving PERSAL functionality and accuracy, SITA effectiveness, supply chain management and procurement, delegations and decision rights, implementation of PAIA and PAJA, financial management, organisation design and business processes); and
- iv. *Tackling corruption effectively.*

In contributing towards this delivery agreement, PALAMA must also ensure that skills development and cadre development take place within the public service, through *inter alia*, determining the methodology to measure the extent and depth of skills levels in the public service, determining the percentage of public service employees to be trained in mandatory training programmes, developing and implementing a policy for the attendance of mandatory training programmes and minimum annual training days. Supporting outcome 12 as well as the others, PALAMA has a contribution towards building the capacity of public servants to deliver services and constantly improve efficiencies and standards of performance.



PARTNERSHIPS

CARE

SERVE

BELONG

DELIVER

Part Two

2. Information on Pre-determined Objectives

2.1 Strategic Overview and Service Delivery Environment

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- 2.3.7 Governance and Strategic Support
- 2.3.8 Corporate Services
- 2.3.9 Corporate Finance

2.1 Strategic Overview and Service Delivery Environment

2.1.1 Strategic Objectives

PALAMA is a national department and an accredited training provider with the Public Service Sector Education and Training Authority (PSETA). The strategic and operational plan of PALAMA in the period covered in this report is supported by the following five strategic objectives:

- i. Service delivery, with a focus on delivery of Academy training outputs;
- ii. Stakeholder relations, with a focus on formation of strategic partnerships with relevant partners and providers for capacity building;
- iii. Lateral contribution, with a focus on creating synergies and improving systems and processes within the Academy
- iv. Corporate governance, ensuring compliance and conformance to the regulatory environment; and
- v. Transformation, supporting a smooth transformation from the former SAMDI to PALAMA.

These organisational strategic objectives cut across all branches within PALAMA, and form the basis for individual branch outputs and activities as well as individual performance in line with agreements annually entered into by all PALAMA employees.

2.1.2 Programmes and Sub-programmes

There are two programmes under the PALAMA Vote, namely; Administration (Programme 1) and Public Sector Organisational and Staff Development (Programme 2).

The aim of the Administration Programme is to facilitate the overall management of PALAMA and to provide for policy formulation and the management responsibilities of the Minister, Director-General, Deputy Directors-General and other members of PALAMA management. Other functions of the Administration Programme include organising the department, providing centralised administrative, legal and office support services, managing staff and financial administration, determining work methods and procedures, and exercising internal control.

The aim of the Public Sector Organisational and Staff Development Programme is to facilitate transfer payments to the Training Trading Account for management development and training of public sector employees.

2.1.3 Overview of Sub-programmes

Executive Development

The core function of the Executive Development branch is to lead, manage and conduct activities resulting in effective planning, design and development of relevant training to develop members of the SMS, executives and elected officials into leaders who care, serve and deliver. This branch works in collaboration with government departments, higher education institutions and other partners. The executive development programmes focus on leadership, contextual understanding of the socio-political environment, analytical skills, technical management and interpersonal competencies. The branch is also responsible for research focused on evaluation and analysis of trends in the public administration practice as well as related capacity building requirements.

Curriculum and Materials Design

The Curriculum and Materials Design branch leads, manages and conducts the planning, design and development of generic and functional specific courses, thereby responding to the variety of practical management training needs for junior and middle managers. All course materials integrate orientation to and promotion of *Batho Pele* service delivery principles in line with the ethos of a caring and committed public servant.

Courses are quality assured and accredited where applicable. The design and development of curriculum and learning materials accommodate a mix of training delivery approaches within an integrated national learning framework for the public service. This includes development and management of eLearning programmes blended with other modes of training and as a stand-alone training medium option.

In alignment with the overall strategy of the Academy and as necessary for the relevance of its work, this branch works in teams with other branches within the Academy, and identifies collaboration areas with provincial public and private training entities, as well as national and international experts.

Provider and Partner Mobilisation

The branch recruits, contracts, monitors and assures the quality of the providers and partners for the implementation of the Academy's training and development programmes. The branch ensures that providers recruited by PALAMA to deliver training and development programmes are suitably qualified and fully apprised on PALAMA's training methodology. A rigorous vetting process is conducted to confirm eligible providers. The monitoring and evaluation unit within this branch monitors adherence to expected training delivery standards and evaluates feedback from end-users of PALAMA training. This is done by tracking training sessions held by PALAMA, including logistics activities necessary to conduct training. In response to findings made, all inputs received are translated into action points for programme managers to effect necessary improvements.

In order to strengthen engagements with other role players in public sector training, the branch convenes quarterly Inter-Governmental Workshops (IGW) with provincial academies or training entities including sectoral national departments with internal training capacity. The workshops are aimed at sharing good practices in training and development; identifying collaboration projects particularly in areas that contribute to development of training tools promoting common approaches to public sector training, amongst others. The branch is responsible for organising the annual Public Sector Trainers' Forum (PSTF) where training and development practitioners meet annually to exchange local and international lessons under various themes in the field of training and development.

Training Coordination

The Junior and Middle Management Service (JMMS) Training Coordination branch connects departmental users to training by booking candidates on training courses and managing the training calendar throughout the year. The branch is also responsible for the training contact centre, logistical arrangements for training to take place in different venues across provinces, administration of post-course processes such as certification, and the development and maintenance of an integrated training management system for managing course information, registrations, invoicing, learner records and training statistics.

Business Development

The Business Development branch ensures that opportunities for training, development and support offered by PALAMA are proactively marketed to public servants at national, provincial and local spheres of government. PALAMA's engagement with other departments confirms a need for centrally-informed and coordinated public service training and development, in order for the efficacy of state investment in human resource training and development to be achieved for common goals in building the required state delivery capacity. Notwithstanding direct engagements with departments across the three spheres of government, building relations with provinces through the Provincial Premiers' Offices and local government through the Department of Cooperative Governance and Traditional Affairs (COGTA) and South African Local Government Association (SALGA) has resulted in improved access to human resource development planning and increased opportunities for training partnerships.

International Relations and Special Projects

This branch seeks to forge strategic international partnerships and mobilise resources from the donor community, guided by government's international relations policy objectives and the international programme of the Ministry for Public Service and Administration. The branch facilitates the department's engagements in the global knowledge exchange network through mutually-beneficial partnerships with institutions around the world, and particularly on the African continent. In the context of bilateral and multilateral agreements entered into with South Africa, and areas of responsibility to be supported by or carried out through the Ministry for Public Service and Administration, the branch identifies areas for training and development to forge possible strategic international partnerships, and coordinates related bi and multilateral international projects. This involves identification, development and efficient management of donor projects designed to support public service training and development as well as supporting the strategic objectives of PALAMA.

In achieving these objectives, current activities pursued by PALAMA are on the implementation of the Regional Capacity Building (RCB) Project with partners from post-conflict countries (Rwanda, Burundi and Southern Sudan) to support the capacity development initiatives on the African continent. Further to this, is PALAMA's participation in the South-South cooperation programme, and specifically the India-Brazil-South Africa (IBSA) Management Development Institutes (MDIs) partnership programme that seeks to strengthen the MDIs' network through knowledge sharing conferences and exchange programmes.

Governance and Strategic Support

The Governance and Strategic Support branch is responsible for activities enabling processes and providing technical support for the management of the strategic cycle planning and reporting, knowledge management, communications, brand marketing, legal and contract matters. The branch also provides strategic and related administrative support functions to the Office of the Director-General to ensure effective governance structures and programmes within the department and in support of PALAMA's implementation of its further transformation plan.

Corporate Services

The Corporate Services branch is responsible for enabling processes and providing technical support for Information and Communication Technology (ICT), building facilities and operations logistics solutions, and human resources management. The technical functions relating to ICT infrastructure, systems solutions and building facilities management are outsourced to enhance and provide more efficient and modern services to the department.

Corporate Finance

The Corporate Finance branch provides innovative financial management accounting system, and control environment as well as supply chain services to PALAMA. This also covers the establishment and continuous improvement of effective systems for the management and safeguarding of PALAMA assets.

2.1.4 Strategic Outputs and Key Performance Highlights

PALAMA's current strategy and activities are set out in two main streams of training and development, these being the provision of executive development programmes for the SMS members, and management training programmes for the junior and middle management service (JMMS) members. Included in the JMMS programmes is an induction programme as part of probation training for newly recruited officials in the public service.

Training is carried out through strategic partnerships with a wide range of external service providers, including higher education institutions, further education and training colleges, private sector organisations and individual contractors. The

intent in this mix of training providers is to significantly increase the range of training offered to public servants and to expand outreach responding to the variety of training needs and geographic spread of departments to receive training from PALAMA.

Reflecting on the performance of PALAMA for this financial year, due cognisance must be taken of the challenges inherent in its current funding model, which is premised on a cost-recovery approach. This approach requires that PALAMA recovers all costs associated with the design and development of learning materials and implementation of training courses through training fees. The revenue generated through these fees is managed through the PALAMA Training Trading Account (TTA). This revenue is augmented by funds transferred from the parliamentary-voted budget, a proportion that covers the personnel expenditure under the training development and delivery units in the structure of PALAMA.

For the 2010/11 financial year, PALAMA targeted to generate R130 million in revenue from training courses. To achieve this, PALAMA needed to conduct over 280 000 person training days (PTDs), however, only 112 060 PTDs were achieved. While both targets were not achieved, it is important to note that management has given priority to understanding factors impacting on the department's ability to achieve its targets in future, primarily taking into consideration the targets initially set for the first three years of the PALAMA's existence (2008/09-2010/11) in relation to its business and funding model.

Key to the findings from the analysis undertaken is an evident conflict among founding expectations for PALAMA. The cost-recovery funding model leads to a high profit margin for training fees, the outsourcing of trainers and learner material development specialists, which exposes the intellectual property of PALAMA to potential competitors, and limits PALAMA's ability to control training costs. Notwithstanding these, PALAMA is not a mandatory training provider for other government departments. Proposals in the further transformation framework that PALAMA is currently working on respond to these strategic issues.

Overall, the following are performance highlights from PALAMA's 2010/11 annual plan:

- **Training sessions held:** During this financial year, 1 063 training sessions were held. Notable is that this is in line with the targeted training sessions for the financial year. However, other targets linked directly to the number of training sessions held (PTDs and revenue) were not met. This indicates that PALAMA greatly secured learners in shorter and cheaper courses and fewer learners were registered in the majority of courses scheduled. However, the suite of executive development programmes exceeded the annual target by training 7 011 officials against a pre-determined target of 1 500 officials for the period ending 31 March 2011.
- **Strategic partnerships:** Key strategic partners were secured for development and roll-out of customised programmes, some of which are: the Eastern Cape Office of the Premier; Mpumalanga and Limpopo Provincial Governments in partnership with the Local Government Sector Education and Training Authority and SALGA; the Western Cape Department of Local Government; the Government Communication and Information System (GCIS); the Department of Science and Technology; and the National Treasury. PALAMA programmes have also been included in the priority training plans for the Free State, KwaZulu-Natal and Western Cape academies.
- **Research:** Key strategic relations for research have been established with the Department of Environmental Affairs, the Centre for Public Service Innovation (CPSI) and the National Research Foundation (NRF). During this financial year, two research papers were presented.
- **Induction training:** During this financial year, 18 660 new public service officials were inducted. As part of preparing unemployed graduates for public sector employee recruitment, PALAMA developed a preparatory programme referred to as 'Breaking Barriers to Entry Programme', and 1 192 unemployed youth graduates participated in this programme. Through this programme, PALAMA has made a contribution to a pool of candidates suitable for government internship and learnership recruitments, if not for immediate recruitment into full permanent or contract positions.

- Monitoring and evaluation:** As part of the monitoring and evaluation (M&E) of training standards, M&E instruments were developed and customised. M&E was undertaken for on site monitoring of training offered by appointed providers and IICs for three international and nine provincial training sessions, as well as four workshops and conferences. Feedback received from training participants and facilitators is important towards ensuring that training standards are met. In this regard, during this financial year, a total of 20 992 Reaction Evaluation Questionnaires (REQs) were captured and analysed, which include 757 facilitator feedback forms. Through these processes, reports were generated, quality assured and feedback provided to stakeholders.
- New strategic courses:** New learning programmes focusing on generic competencies in government administration were completed this year. These include five courses on Financial Management Programme; six learning programmes on Municipal Finance Management; two courses on SCOA (focusing on practitioners and non-financial managers); five courses on Generic Human Resource Programme; three courses on Specialist Human Resource; a Foundation Management Development Programme (FMDP) for Local Government; and Supply Chain Management Programmes for Municipalities.
- Multi-modal training:** The use of the eLearning platform has been expanded and is becoming a key component in the training delivery strategy for PALAMA. During this financial year, 126 eLearners from eight departments were enrolled in a formal credit-bearing course. Furthermore, eLearning materials for 14 blended-learning courses (dual-training methods) were also designed and developed. These include Foundation Management Development Programme for Local Government, Grievance and Disciplinary Action Procedures, Mentoring and Coaching for Public Service Managers, Project Khaedu and Supply Chain Management. Three fully technology-mediated courses were also designed and developed, namely (Excellent Customer Service for Frontline Staff, Introduction to Monitoring and Evaluation, Supply Chain Management for the Public Service).
- Responding to national policy and strategy imperatives:** PALAMA will continue to make a contribution to the promotion of Anti-Corruption in the Public Service, by offering the Ethics and Anti-corruption training programme. A total number of 954 officials participated in this programme, primarily people with anti-corruption combating and investigation functions within their departments. In addition to interactive classroom training, PALAMA also developed an anti-corruption online discussion forum in close collaboration with the Department of Public Service and Administration. Fifty officials have been registered and oriented on participation in this virtual forum. The forum has been handed over to the DPSA for further roll-out and management.
- Gender mainstreaming:** Twenty gender mainstreaming programme (GMP) training sessions were conducted with 375 officials being trained in this financial year. Furthermore, 20 new PALAMA courses were assessed for gender sensitivity and inclusivity. The success of PALAMA's efforts in ensuring gender mainstreaming in the South African public service extended beyond its borders, in that PALAMA also implemented gender mainstreaming training through its work in the post-conflict countries resulting in more women participating in training activities. Furthermore, plans for gender mainstreaming training roll-out in the Southern African Development Community (SADC) are being discussed with the SADC Gender Work Group.
- International and special projects:** PALAMA continued playing its role as the implementing agency for the capacity building project in Rwanda (Rwandan Institute of Administration and Management), Burundi (Ecole Nationale d'Administration) and Southern Sudan (Capacity Building Unit of the Ministry for Human Resource Development). Progress in this project has been achieved towards institutional strengthening advanced through the following:

 - interventions for strategic planning
 - improved procurement management
 - improved financial practices
 - gender advocacy.

In addition to the above, this project also includes the Lead Trainer Development Programme for quality curriculum development.

- **Organisational management:** All corporate governance requirements have been satisfactory met. In addition, existing policies have been reviewed and a number of new policies, particularly for human resource management and development, were developed in this financial year.
- **Further transformation:** Moving towards building 'On Board Capacity' by drawing training facilitators from experts already in the public service, PALAMA trained 77 public service officials to roll-out the following five programmes:
 - Breaking Barriers to Entry into the Public Service;
 - Designing Curriculum;
 - Training of Trainers for the Public Service;
 - Project Management; and
 - Managing HIV/AIDS.

Of these officials, 16 were utilised for training activities in this financial year.

The framework for the further transformation of PALAMA has been developed and it will be processed for Cabinet approval in the 2011/12 financial year.

2.2 Summary of Financial Performance

2.2.1 Aim of Vote

PALAMA is a Schedule 1 Department reporting to the Minister for Public Service and Administration. Its aim is to provide and coordinate the provision of training and/or management development interventions that lead to improved performance and service delivery in the public service.

2.2.2 Voted Funds

Table 1: Voted Funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
117,114	118,414	115,488	2,926
Responsible Minister	Minister for Public Service and Administration		
Administering Department	Public Administration Leadership and Management Academy		
Accounting Officer	Director-General of PALAMA		

2.2.3 Collection of departmental revenue

Departmental receipts are mainly commissions on insurance premiums deducted from employees' salaries, parking fees and interest on departmental debt.

Revenue from PALAMA's training services is received by the Training Trading Account and does not form part of the departmental receipts. The table below provides a breakdown of the sources of departmental revenue:

Table 2: Sources of Revenue

	2007/08 Actual R'000	2008/09 Actual R'000	2009/10 Actual R'000	2010/11 Budget R'000	2010/11 Actual R'000	% Deviation from target
Non-tax Revenue	-					
Sale of goods and services	127	177	67	62	66	6.4%
Sale of capital assets	-	3	-	-	-	
Interests, dividends and rent on land	-	-	-	-	17	100%
Financial transactions (recovery of loans and advances)	332	16	246	15	497	3213%
TOTAL DEPARTMENTAL RECEIPTS	459	196	313	77	580	653%

2.2.4 Departmental Expenditure

The savings realised is due to vacancies being filled at different intervals during the financial year.

Table 3: Breakdown of departmental expenditure

Programmes	Total budget 2009/10 R'000	Actual 2009/10 R'000	Total Budget 2010/11 R'000	Actual Expenditure 2010/11 R'000
Administration	63,570	63,568	57,265	54,339
Public Sector Organisational and Staff Development	57,545	57,545	61,149	61,149
TOTAL	121,115	121,113	118,414	115,488

2.2.5 Transfer payments to the Training Trading Account

The Training Trading Account includes the following branches: Executive Development; Business Development; Provider & Partner Mobilisation; Curriculum and Materials Design; Training Co-ordination; and International and Special Projects.

The Training Trading Account is responsible for management development and the training of public sector employees. Transfer payments made for the year under review totalled R61.1 million.

As the Vote and Training Trading Account are interlinked, spending and monitoring is done via the administration function within the Vote.

2.2.6 Capital Investment, Maintenance and Asset Management Plan

The capital expenditure incurred per asset class for the year under review is reflected in Table 4.

Table: 4 Capital Expenditure per Asset Class

Asset Class	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and Equipment	-	-	-	-
Transport assets	417	-	-	417
Computer equipment	15,374	671	-	16,045
Furniture and office equipment	5,342	803	-	6,145
Other machinery and equipment	1,012	119	-	1,131
Total	22,145	1,593	-	23,738

The asset register was reconciled on a monthly basis to ensure that it remained up-to-date with financial records. Quarterly verification of assets was also performed to ensure completeness of the department's assets. No assets were disposed-off for the year under review.

2.3 Performance Information

As reported in the previous section of the Annual Report, PALAMA subscribes to five strategic objectives in supporting its strategy. The outputs towards the achievement of these strategic objectives are spread across the nine branches.

2.3.1 Executive Development

In his address to the top management in the public service, President Zuma informed these top managers that they determine how the public service is run and are "responsible for the pace and style of government departments as well as the quality of service delivery".² The Executive Development branch is responsible for the development of the senior management cadre of the public service, and has been focused on the design and roll-out of executive offerings. During the 2010/11 financial year, the branch has been upgrading the learning materials of some of its programmes, including the new Project Khaedu, Legislatures Capacity Building Programme (LCBP) and Wamkelekile (SMS Induction programme). Additionally, work has also been undertaken in the development of learning materials relating to Strategic Planning and Management, Performance Management, and Innovation. The branch has rolled-out its offerings to more than 7,011 participants in programmes including Mentoring and Coaching, Executive Development Programme (EDP) and Project Khaedu. The branch has also built partnerships with other departments and organs of state in rolling out training, including engagements with the Auditor-General of South Africa (AGSA) on a customised Wamkelekile programme.

2.3.2 Curriculum and Materials Design

The branch is responsible for the planning, designing and developing of curricula that spans across the spectrum of practical management training needs. The branch has a focus on designing curriculum, undertaking quality assurance, ensuring accreditation for credit-bearing courses, and using eLearning as a methodology for increasing access to training. During the 2010/11 financial year, the branch has used the eLearning methodology to design and develop 14 blended learning courses

2 Address by President JG Zuma to meeting with Directors-General and Deputy Directors-General of national and provincial government departments, 23 April 2010

(including the Breaking Barriers to Entry Programme; Excellent Customer Care; Gender Mainstreaming Programme; and Supply Chain Management programmes) and complementary eLearning materials for courses (including Advanced Project Management; Disability Management in the Public Service; and Training of Trainers (ToT) Programme for MDIs in Africa). In support of public service cadre development, the branch has also designed courses such as Minimum Anti-Corruption Capacity; Orientation to M&E; and Project Management. The branch has also focused on addressing generic government competencies with programmes like Financial Management and Bid Rigging. During this financial year, external approval was also granted for 12 programmes accredited by relevant qualification authorities.

As outlined in previous sections of the Annual Report, a variation from the current model of training delivery using outsourced independent facilitators was tested, through the utilisation of existing public servants as facilitators. During this financial year 77 public servants were trained to facilitate five programmes (Breaking Barriers to Entry Programme; Designing Curriculum; ToT for the Public Service; Project Management; and Managing HIV & AIDS).

2.3.3 Provider and Partner Mobilisation

The branch plays a significant role in ensuring that the training delivery by outsourced providers meets or exceeds expectations and minimum standards of PALAMA. The branch comprises of units specialising in the mobilisation of training partners; mobilisation of training providers as well as monitoring and evaluation. During this financial year, the provider mobilisation strategy was reviewed, and further work will be undertaken as part of the further transformation strategy of PALAMA. This work will also seek to unpack the concept of on-board trainers towards in-house training delivery capacity.

Within the current configuration of government, PALAMA is but one of the public service training institutions undertaking training and development within the public service. Academies exist within some provincial governments and national sector departments. It is for this reason that effective intergovernmental relations must exist within and among the different training institutions to ensure that there is coherence in the provision of training and development within the public service. The branch therefore has the responsibility of convening Inter-Governmental Workshops in order to ensure strategic direction and alignment of training programmes. These Inter-Governmental relations are particularly significant when considering the implementation of mandatory programmes, for example, Public Service Induction (PSI).

PSI is a programme rolled-out in partnership with the Provincial Premiers' Offices and sectoral departments. It is a mandatory programme for new public servants to be inducted within 12 months of their permanent appointment, in order to expose them to the culture, values and ethos expected of a public servant. During this financial year, 18 660 new public servants were inducted across the public service. Complementary to the implementation of this programme is the PSI Trainers Learning Network which has been piloted in four provinces resulting in 290 trainers participating in this network.

The monitoring of PALAMA training provision and evaluation of the feedback from the learners is also significant towards ensuring the continuous improvement in the quality of training offered. In this financial year, the following were evaluated through PALAMA's M&E system:

- Programmes that were rolled out in post-conflict countries (Burundi, Rwanda and Southern Sudan),
- Programmes such as the FMDP for Local Government;
- Pilot of Project Khaedu deployment; and
- Breaking Barriers to Entry training.

The unit also undertook evaluations of the PSTF conference and Inter-Governmental Workshops. The evaluation process involves capturing and evaluating the Reaction Evaluation Questionnaires (REQs) and Facilitator Feedback Forms, as well as generating Facilitator and Participant Evaluation (FPE) reports.

2.3.4 Training Coordination

The branch can be seen as the hub of all training delivery activities, in that it is responsible for, *inter alia*, the PALAMA contact centre, logistical arrangements for training, post-course processes such as issuing of certificates and managing the Academy's integrated training management system (TMS).

During this financial year, the branch facilitated a total of 1063 training interventions. The contact centre is fully operational and remains the single point of contact for training users. In this financial year, 95% of all requests for quotations were responded to within 48 working hours. The training calendar is maintained and updated regularly on PALAMA's website. The branch also facilitated the distribution of 24 986 certificates of attendance, 1 596 certificates of successful completion and 2 608 certificates of competence.

The training management system is updated and maintained towards ensuring the accuracy in reporting on training delivery.

2.3.5 Business Development

The branch is responsible for the marketing and promotion of training and development opportunities offered by PALAMA. The branch is also responsible for building relationships towards improving access to HRD planning and training opportunities, particularly within the provincial and local spheres of government.

A marketing plan was developed and implemented, and in line with the plan, engagements were undertaken at provincial and local levels. PALAMA programmes were also marketed at conferences, seminars and exhibitions.

During the 2010/11 financial year, the branch finalised service delivery proposals with the provincial departments in Eastern Cape, Mpumalanga, Limpopo and Western Cape. Through an initiative with the National Treasury, the branch also facilitated the roll-out of the SCOA programme and 27 national departments were engaged on SCOA training. With the GCIS, training on Excellent Customer Care is provided for Thusong Centres in addition to the Foundation Management Development Programme (FMDP) that is also rolled-out.

Training needs analysis (TNA) is also an important element of the work within the Business Development branch, towards: reviewing current training; identifying training gaps and priority training areas; as well as assessing suitable training options. In this financial year, the TNA model was reviewed, customised, and implemented with eight stakeholders.

2.3.6 International and Special Projects

The work of this branch is guided by government's international relations policy objectives and the work of the Ministry of Public Service and Administration, towards forging and supporting international partnerships and mobilising donor resources towards capacity development. Of particular significance are on-going working relations with post-conflict countries (Rwanda, Burundi, Southern Sudan), the Democratic Republic of Congo (DRC) and activities under the India-Brazil-South Africa (IBSA) partnership. Training activities within these partnerships will be enhanced through the implementation of a virtual network to improve the sharing of information.

During this financial year, the branch implemented four programmes with three management development institutes in Africa, in the following training areas: M&E; Training of Trainers; Supply Chain Management; and Gender Mainstreaming.

PALAMA also hosted a capacity building seminar under its India-Brazil-South Africa partnership. Representatives from departments across government spheres attended the seminar.

The branch continues to engage with the donor community in support of PALAMA's capacity building initiatives. Consultations undertaken this year include those with Germany, EU and the UNDP. Funding was approved from USAID for the roll-out of financial management training to municipalities. The FMDP for Local Government was provided in three district municipalities, and the EMDP and AMDP were also customised for implementation in the local government.

2.3.7 Governance and Strategic Support

The branch is responsible for managing the strategic planning cycle, organisational performance monitoring, brand marketing and communication, legal and contractual matters, risk management and knowledge management. These multi-dimensional tasks require the branch to maintain a lateral view of the organisation, and require consistent organisational monitoring and assessment.

During this financial year, PALAMA managed the organisational performance through an approved internal policy, and submitted all quarterly organisational performance reports to the Minister, as a compliance requirement. The approved strategic plan was also tabled in Parliament. As part of the organisational performance monitoring, the branch assesses all quarterly branch reports and monitors performance against pre-determined objectives and targets. As an additional monitoring mechanism, each branch submits a portfolio of evidence of performance being reported on, and this branch undertakes random sampling for analysis of such evidence.

PALAMA's organisational risks management framework is also a critical function of this branch. During this financial year, a risk register was developed and monitored, and five risk awareness workshops were conducted which supported the risk management action plan implementation. PALAMA has an established Risk Management Committee with an approved Risk Management Committee Charter.

Through the Corporate Communications Unit, the branch has continually sought to enhance the departmental marketing materials. A marketing materials' committee was established and, during this financial year, the committee continued to review marketing materials. The organisational branding was also improved, and is in line with the GCIS guidelines. During this financial year, the branch facilitated the placement of advertorials in a range of publications, and participated in exhibitions and conferences.

The lack of capacity to manage the knowledge management process has resulted in this function not being fully implemented in PALAMA. However, work has been undertaken in developing a concept document, and other related activities include the implementation of PALAMA Intranet, and development of an Intranet policy. A request for proposals was submitted to potential service providers for the establishment and functionality of the resource centre, and further engagements were undertaken with the National Library of South Africa.

With regard to legal and contract management, a draft contract management framework was developed, and a contract management database was put in place. Assistance on legal and contractual matters was also provided by the Office of the State Attorney.

2.3.8 Corporate Services

The branch is responsible for creating an enabling and supporting environment to PALAMA branches through the provision of ICT solutions, facilities and logistics management, and Human Resource (HR) management.

In terms of HR support to the department, the branch coordinated training activities resulting in 142 PALAMA employees attending 52 training programmes. The programmes include workshops on:

- Delegations and decision making rights;
- Job grading system;
- Post-provisioning norms and standards;
- Roundtable on professional ethics in the public service;
- Pilot workshop for generic human resource programme for the public service;
- Advocacy on approved HR policies; as well as
- 2nd biennial labour relations conference.

As part of employee wellness, a new service provider was appointed and monthly meetings are held with the service provider to discuss issues of contractual performance. The branch also hosts regular health and wellness days for PALAMA staff, including workshops on matters of financial management.

The functions of ICT as well as facilities and logistics management are outsourced. During this financial year, a contract review process was undertaken in order to address requirements in the agreement towards improving ICT performance in PALAMA. Additionally the branch also manages a service level agreement with SITA. Work has also been undertaken with the State Security Agency in relation to vulnerability assessments and overall improvement of IT security, such as intrusion detection. The enterprise architecture project was placed on hold given the magnitude of the project and the influence of the further transformation of PALAMA on this project.

All outsourced contracts are managed through monthly performance reports. One of the projects that the branch had planned to undertake during this financial year was to finalise the third regional operational site, however, the project was placed on hold pending the finalisation and outcome of the further transformation of PALAMA.

2.3.9 Corporate Finance

The branch is responsible for providing innovative financial management accounting systems and effective supply chain management services to the department.

During this financial year, the supply chain management system was reviewed, which includes the following: implementation of an online supplier database; new travel authorisation forms; and the tracking of accruals and payments system. The branch also provided training on travel management as well as supply chain management training. A standing committee for the evaluations of quotes and tenders was established. The membership of the Bid Adjudication Committee was also reviewed.

The branch did not refine the financial and funding model, as planned due to a need for a new activity-based costing modelling which is currently being developed. From a financial compliance perspective, the branch has ensured compliance to all reporting including reports to National Treasury, Auditor-General and Audit Committee. From a governance perspective, the financial delegations were reviewed in May and November 2010 and approved by the Director-General.

The performance information for the 2010/11 financial year in relation to the nine branches is reflected in the matrix covering the following branches:
2.3.10 Performance achievements against 2010/11 Financial year targets per branch

Branch: Executive Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Development and management of executive programmes	Number of executive offerings designed, developed and delivered to participants	Undertake an upgrade of three existing executive programmes (Project Khaedu; EDP for Local Government; EDP for Legislative Sector) by 31 March 2011	Submitted new Project Khaedu learning materials to the Services SETA for approval. Rolled-out the Legislatures Capacity Building Programme (LCBP) in seven provincial legislatures, covering all five modules in the programme. In addition, the following activities were undertaken: <ul style="list-style-type: none"> • Wamkelele SMS Induction training pilot and subsequent finalisation of learning materials; • Development of the Innovation module, piloting of training and finalisation of the programme for Services SETA approval. 	Partially achieved. Upgrade of EDP for Local Government was not finalised as it was dependent on the finalisation of EDP material which took longer than anticipated.
Services to be delivered	Development and management of executive programmes	Seminars designed and hosted	Host three special events with strategic partners by 31 March 2011	Hosted three seminars: <ul style="list-style-type: none"> • IBSA Seminar; • eLearning Indaba; • Innovation Seminar with CPSI. 	Achieved.
Services to be delivered	Development and management of executive programmes	Number of participants receiving executive training programmes	Deliver executive training programmes to 1 500 participants by 31 March 2011	Delivered training to 7 011 participants as follows: <ul style="list-style-type: none"> • Project Khaedu (852), • Legislatures Capacity Building Programme (1 221), • Wamkelele SMS Induction (1 86), • EDP (4 638), • Mentoring and Coaching (114). 	Achieved.

Branch: Executive Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	Build and maintain relevant and value-adding relations with international and national stakeholders	Number of contact and online meetings with established networks of executive providers, alumni and critical advisors	Convene four regular contact and online meetings of established networks by 31 March 2011	Convened bi-monthly meetings (6) with the client departments and training providers. Convened bi-monthly meetings (6) with lead higher education institutions.	Achieved.
Stakeholders	Build and maintain relevant and value-adding relations with international and national stakeholders	Number of productive partnerships with national, provincial and local government departments	Build three productive partnerships with national, provincial and local government departments by 31 March 2011	Established partnerships with: <ul style="list-style-type: none"> the Eastern Cape Premier's Office for EDP training; Parliament for MPs and MPLs training; AGSA for customised Wamkekele SMS Induction training; DTI for SMS training; and Initiated discussions with COGTA for local government training. 	Achieved.
Lateral contribution	Executive development learning framework	Executive development learning framework	Review and update of executive development learning framework to meet current needs by 31 March 2011	Draft review and update report has been developed and will be finalised as part of PALAMA's further transformation strategy.	Partially achieved. Initial review of reports will be conducted by the learning and development work stream.
Lateral contribution	Executive development learning framework	Comprehensive evaluation of EDP quality and impact initiated to assess impact on service delivery	Undertake the evaluation of the Executive Development Programme quality and impact, and incorporate the learning into the learning framework by 31 March 2011	Undertaken a comprehensive evaluation of the EDP: <ul style="list-style-type: none"> Completed the first phase of draft research reports. Completed an analysis and response to the first draft evaluation report for phase one. Developed tools for summative evaluation. 	Achieved.

Branch: Executive Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Lateral contribution	Executive development learning framework	Comprehensive evaluation of EDP quality and impact initiated to assess impact on service delivery	Engage three relevant government departments and other stakeholders on the relevance and focus of the executive development learning framework by 31 March 2011	No engagements were undertaken with departments on the new learning framework.	Not achieved. The learning and development work stream report was developed, however external stakeholder engagements were placed on hold, pending stakeholder consultations under the further transformation of PALAMA.
Corporate governance	Expand research for the Academy	Research strategy and complete research on the public sector and its needs	Design research strategy and complete research on the public sector and its needs by 31 March 2011	Developed a draft research strategy and used it to complete the following: <ul style="list-style-type: none"> eLearning <ul style="list-style-type: none"> perceived effectiveness of technology-mediated learning in the Bid Committees; PFMA course; Competency framework for the capacity building model for financial management. 	Achieved.
Corporate governance	Expand research for the academy	Number of cooperative relations with research divisions in other government departments and with relevant HEIs and research institutions nationally and internationally	Establish cooperative relations with four research divisions in government departments, relevant HEIs and research institutions nationally and internationally by 31 March 2011	Established cooperative relations to support research activities with the following: <ul style="list-style-type: none"> Department of Environmental Affairs; CPSI; and National Research Foundation. 	Achieved.

Branch: Executive Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Expand research for the Academy	Number of research papers presented at public management conferences	Present two research papers at public management conferences by 31 March 2011	<p>Two papers were presented and published:</p> <ul style="list-style-type: none"> Southern African Review of Education: "Differing developmental states and skill formation regimes: South Africa in comparative perspective"; Development Outreach "Developing the capacities of post-conflict countries through South-South cooperation". <p>Papers were also presented at the:</p> <ul style="list-style-type: none"> PSTF Conference, Public Sector Transformation Summit, International conferences such as IASIA, IBSA and CAPAM 	Achieved.
Transformation	Design and deliver innovative multimodal programmes	Number of multimodal SMS induction programmes developed with provincial and local government	Two multimodal SMS induction programmes with provincial and local government developed by 31 March 2011	Concluded a process of recruiting a service provider to develop the two multimodal SMS Induction programmes.	Partially achieved. eLearning programme design depends on finalisation of subject content which was not finalised in time to meeting this project timeline.
Transformation	Design and deliver innovative multimodal programmes	Number of participants trained on the executive level train-the-trainer programme	Ten participants trained on the executive level train-the-trainer programme by 31 March 2011	No participants trained.	Not achieved. There has been participation in internal consultative meetings on the lead training programme to finalise the lead trainer programme strategy.

Branch: Curriculum and Materials Design					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Learning programmes for JMS developed and aimed at public service cadres	Number of courses targeted at public service cadre development	Design and develop the five courses targeted at public service cadre development by 30 November 2010	<p>Designed and developed the following five courses:</p> <ul style="list-style-type: none"> • Minimum Anti-Corruption Capacity: Final draft learning materials completed and submitted to PSETA for approval. • Application of Policy and Procedure on Incapacity Leave and ILL Health Retirement (PIIR): Developed final draft. • Orientation to Monitoring and Evaluation: Upgraded the first draft of the course in line with the outcomes approach of government. • Basic Project Management for the Public Service: Final draft learning materials completed. • Advanced Project Management course: Final draft learning materials completed. 	Achieved.

Branch: Curriculum and Materials Design					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Learning programmes for JMS developed and aimed at public service cadres	e-Learning courses designed and developed	Design and develop 10 eLearning courses by 31 January 2011	<p>Designed and developed the following 14 multimodal courses:</p> <ul style="list-style-type: none"> • Breaking Barriers to Entry into Public Service; • Designing Curriculum and learning Materials for the Public Service; • Excellent Customer Care; • FMDP for Local Government; • Gender Mainstreaming Programme; • Grievance and Disciplinary Action Procedures; • HIV and AIDS and TB Management; • Introduction to M&E for the Gauteng Department of Transport; • Mentoring and Coaching for Public Service Managers; • M&E Principles in the Public Sector – a programme for M&E practitioners; • Promotion of Administrative Justice Act; • Project Khaedui; • Supply Chain Management: Bid Committee PFMA; and • Supply Chain Management: Bid Committees MFMA. <p>Further designed and developed complementary eLearning materials for the following courses:</p> <ul style="list-style-type: none"> • Advanced Project Management for the Public Service; • Basic Project Management for the Public Service; • Developing HRD implementation plans for the Public Service; • Disability Management in the Public Service; • Strategic HR Planning for the achievement of organisational results; and • Training of Trainers Programme for MDIs in Africa. <p>Designed and developed three courses fully technology-mediated:</p> <ul style="list-style-type: none"> • Excellent Customer Service for Frontline Staff; • Introduction to M&E; and • SCM for the Public Service. 	Achieved.

Branch: Curriculum and Materials Design					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Learning programmes for JMMS developed and aimed at public service cadres	Number of learning programmes focusing on generic government competencies	Design and develop two learning programmes focusing on generic government competencies by 31 March 2011	<p>Designed and developed the following programmes:</p> <ul style="list-style-type: none"> Financial Management Programme: completed the SCM Programme with five courses. Combating Bid Rigging; SCM models and Processes and Budget Formulation courses: completed the first draft materials Municipal Finance Management Programme: final draft material for six learning programmes SCOA Course: completed two SCOA courses, focusing on practitioners and non-financial managers Generic Human Resource Programme: developed and piloted draft materials of five courses Three Specialist HR courses: completed and piloted drafts of the courses 	Achieved.
Services to be delivered	Learning programmes for JMMS developed and aimed at public service cadres	Number of capacity building programmes targeting local government	Design and develop a capacity building programme targeting local government by 31 October 2010	<p>Designed and developed two capacity building programmes:</p> <ul style="list-style-type: none"> FMDP for Local Government; SCM for Municipalities programme. 	Achieved.
Stakeholders	Develop a quality management system capacity building programme for public sector curriculum design partners and providers	Relevant and value-adding partnerships on QMS capacity building with all provincial academies	Build relevant and value adding partnerships on QMS capacity building with all provincial academies by 31 March 2011	Built relevant and value adding partnerships with all provincial academies through IGW, and eLearning practitioners' forum on Quality Management System.	Achieved.

Branch: Curriculum and Materials Design					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	Collaborate with provincial academies or similar structures on development and delivery of curriculum programmes	Number of public service curriculum developers and facilitators to cover programme and course development needs	Expand the pool and representivity of public service curriculum developers and facilitators to 20 to cover 50% of PALAMA programme and course development needs by 31 March 2011	<p>29 public servants were registered for capacity building training in the following courses:</p> <ul style="list-style-type: none"> Assessor Training; Moderator Training; e-Moderation; Mainstreaming techniques for implementation: Human Rights Based Approach. <p>Trainee profile is 88% Black and 81% female.</p> <p>A pool of six curriculum developers has been achieved and others are facilitators.</p>	Achieved.
Stakeholders	Collaborate with provincial academies or similar structures on development and delivery of curriculum programmes	Roll-out PALAMA's programmes both locally and internationally using public servants expertise	Utilise 10 experts in the public service to roll-out five of PALAMA's programmes locally by 31 March 2011	<p>77 experts from the public service trained to roll-out the following five programmes:</p> <ul style="list-style-type: none"> Breaking Barriers to Entry into the Public Service (69); Designing Curriculum (2); ToT for the Public Service (2); Project management (2); Managing HIV& AIDS (2). <p>Of the above, 16 officials were utilised for training.</p>	Achieved.
Stakeholders	Collaborate with SADC partner on implementing the gender mainstreaming project	Gender mainstreaming through collaboration within SADC	Implement gender mainstreaming through collaboration with a SADC partner by 31 March 2011	Implemented gender mainstreaming training through SADC Gender-Work Group.	Achieved.

Branch: Curriculum and Materials Design					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Lateral contribution	Develop a draft qualifications framework to guide development of relevant programmes that provide skills and inculcates the attributes that public servants need to do their jobs	Draft Public Service Qualifications Framework	Develop a draft Public Service Qualifications Framework by 31 March 2011	Developed a competency matrix for the Public Service Qualifications Framework: <ul style="list-style-type: none"> • Consultations on the first draft of the Framework were undertaken and the Joint Implementation Plan was signed. 	Achieved.
Lateral contribution	Revise and improve the leadership and management cadre development interventions for a caring public service	Integrated professional learning and career pathways for public service cadreship development	Review the four components of the IMDP, including the development of the cadreship development modules by 31 March 2011	Reviewed components of the IMDP, EMDP and FMDP and included cadreship development modules.	Achieved.
Lateral contribution	Ensure accreditation of learning programmes	Number of unit standards registered with SAQA	Register eight unit standards with SAQA by 30 November 2010	Fifteen new unit standards registered with SAQA: <ul style="list-style-type: none"> • SCOA (5); • SCM (4); • Financial Management (3); • Inventory Management (1); • M&E (1); • HRM (1) 	Achieved.

Branch: Curriculum and Materials Design					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Lateral contribution	Ensure accreditation of learning programmes	Number of learning programme approvals with relevant ETQAs	Obtain six learning programme approvals with relevant ETQAs by 28 February 2011	<p>Obtained approvals from relevant ETQAs for the following 12 programmes:</p> <ul style="list-style-type: none"> • Bid Committee-PFMA • Bid Committee-MFMA • Advanced Project Management for the Public Service • Mentoring • FMDP • Monitoring and Evaluation in the Public Sector • FMDP for Local Government • Mentoring and Coaching for Public Service • AMDIN ToT • Designing Curriculum and Learning Materials for the Public Service • HR Planning • HRD Implementation Plan 	Achieved.
Lateral contribution	Ensure accreditation of learning programmes	Quality assurance of learner achievement system	Implement PALAMA's quality assurance of learner achievement system by 31 October 2010	The learner achievement system was not implemented.	<p>Not achieved.</p> <p>The Quality Assurance of Learner Achievement system has been placed on hold subject to the development of PALAMA's Enterprise Resource Planning system which will be done upon finalisation of the further transformation plan.</p>

Branch: Curriculum and Materials Design					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Comprehensive strategies, systems, processes and governance mechanisms institutionalised	Quality Management Systems implemented	Improve the implementation of Quality Management Systems by soliciting quarterly inter-branch quality management inputs by 31 March 2011	Improved QMS implementation through four inter-branch sessions, and additional sessions with stakeholders, trainers, learners and ETQAs.	Achieved.
Corporate governance	Ensure that all new PALAMA courses are aligned to guidelines for developing gender-sensitive materials	Number and quality of PALAMA courses aligned to guidelines for developing gender-sensitive materials	Assess all new PALAMA courses quarterly to ensure alignment to guidelines for developing gender-sensitive material	Assessed twenty new PALAMA courses for gender sensitivity and inclusivity.	Achieved.
Transformation	Promote eLearning in the public sector	Number of government departments using the multimode delivery strategy	Implement the multimode delivery strategy in five government departments by 31 March 2011	Implemented the multi-mode (eLearning) delivery strategy with 52 departments participating in collaborative learning, professional networking and resource sharing. Implemented the multi-mode (eLearning) delivery strategy with 126 learners in eight departments enrolled in a formal credit-bearing online course.	Achieved.
Transformation	Break barriers to entry into the public service	Number of unemployed youth graduate entry into public sector through Breaking Barriers to Entry training programme	Undertake training of 1 000 unemployed youth graduates through Breaking Barriers to Entry programme by 31 March 2011	During the financial year, 1 192 unemployed youth graduates underwent training	Achieved.

Branch: Provider and Partner Mobilisation					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Mobilisation of providers for implementation of JMMS training and development programmes	Strategy on provider mobilisation to support the implementation of JMMS training and development programmes	Review the provider mobilisation strategy on implementation of JMMS programmes by 31 March 2011	Completed a concept paper on the proposed provider mobilisation strategy. However, the strategy was not reviewed and finalised.	Partially achieved. Concept paper will inform proposed new strategy to be finalised by the work streams on the further transformation of PALAMA
Services to be delivered	Mobilisation of providers for implementation of JMMS training and development programmes	Develop lead trainer programmes	Develop and communicate four modules of the lead trainer programmes by 31 March 2011	The lead trainer module was not developed. The following tasks were however completed successfully: <ul style="list-style-type: none"> • Development of the draft Lead Trainer Programme Strategy Document; • Development of the Terms of Reference, and compilation of a project plan for developing the Lead Trainer Programme Modules. 	Not achieved. Lead Trainer modules had to be designed and the qualifications framework before the finalisation of their development process.
Stakeholders	Recruitment, contracting and professionalisation of providers and partners	Number of consultative workshops and meetings held with providers and partners	Convene consultative workshops and meetings with providers and partners on a quarterly basis	Convened consultative meetings with HEI training providers and held four Inter-governmental (IGW) strategic workshops.	Achieved.
Stakeholders	Recruitment, contracting and professionalisation of providers and partners	Framework on trainer professional development (TPD) reviewed	Review current framework on TPD by 31 March 2011	Reviewed the current TPD Framework leading to a draft revised TPD framework.	Achieved.

Branch: Provider and Partner Mobilisation					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Lateral contribution	Provide support for identification of providers for regional training programmes and consultation	Prepare learning programmes for TOT sessions	Prepare and conduct learning programmes for ToT and induction sessions in all new and revised courses for providers within two months of appointment	Prepared and conducted ToT sessions for the following programmes: <ul style="list-style-type: none"> Disability Management, Advanced Project Management, SCoA, HIV& AIDS, Designing Curriculum courses. Recruited and professionalised 37 ILCs and 16 organisations and contracted them to train in six new courses. Professionalised and updated contracts for 77 ILCs to train in eight existing courses.	Achieved.
Lateral contribution	Provide support for identification of providers for regional training programmes and consultation	Provider deployment guidelines applied to other post-conflict countries on the continent	Report on provider deployment to assigned programmes/ courses produced bi-annually. Apply the guidelines to three post-conflict countries on the continent	Two trainers appointed and deployed to post-conflict countries (Southern Sudan, Rwanda, Burundi) and AMDIN. New Service Provider Agreements were concluded incorporating applicable guidelines to post-conflict country training agreements.	Achieved.

Branch: Provider and Partner Mobilisation					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Implement a programme and participant-based M&E system	M&E system for expanded operations implemented	Implement a sector-wide M&E system for expanded training operations by 31 March 2011	<p>Implemented PALAMA's sector-wide M&E system in evaluating the following:</p> <ul style="list-style-type: none"> • Three Train-the-Trainer sessions in Burundi, Rwanda and Southern Sudan; • Two FMDP for Local Government training interventions; • Pilot of Project Khaedu deployment; • Project Khaedu TOT offered to facilitators; • Breaking Barriers to Entry training; • Excellent Customer Care; • Service Delivery Improvement Plans; • PSTF conference; and • Three Inter-Governmental workshops. <p>In carrying out the above, the following processes were undertaken: Capturing of 30 992 Reaction Evaluation Questionnaires (REQs); Capturing of 775 Facilitator Feedback Forms; Generating 153 Facilitator and Participant Evaluation (FPE) reports and eight client reports.</p>	Achieved.
Corporate governance	Implement a programme and participant-based M&E system	Frequency of monitoring of adherence to guidelines and procedures for provider mobilisation	Conduct on-going on-site monitoring of training offered by appointed providers and IICs and present reports on findings	Monthly on-site monitoring was conducted during the financial year.	Achieved.
Corporate governance	Implement a programme and participant-based M&E system	Frequency of monitoring of adherence to guidelines and procedures for provider mobilisation	Implement mechanisms to monitor adherence to guidelines and procedures for provider mobilisation on a quarterly basis	The Screening Committee applied quarterly monitoring mechanisms by screening 19 out of 23 applications from HEIs.	Achieved.

Branch: Provider and Partner Mobilisation					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Implement a programme and participant-based M&E system	Build provider M&E capacity	Provide assistance and support to internal and external stakeholders in terms of M&E by 31 March 2011	Provided M&E assistance and support to the following stakeholders: <ul style="list-style-type: none"> Gauteng City Regional Academy, Western Cape Academy, Department of Home Affairs, and Department of Performance Monitoring and Evaluation (Performance Assessment Tool Technical working group) 	Achieved.
Transformation	Implement transformation programmes and new strategy/ guidelines and procedures for provider mobilisation	Guidelines for provider recruitment reviewed and refined	Review and refine guidelines for provider recruitment 31 December 2010	Provided M&E assistance and support across branches in PALAMA. Reviewed and refined guidelines by developing the following: <ul style="list-style-type: none"> A template for Service Provider Agreement (SPA). Proposal on the cost structure for payments to ILCs for facilitation, assessment, and moderation services. 	Achieved.
Transformation	Implement transformation programmes and new strategy/ guidelines and procedures for provider mobilisation	Number of new public servants undergoing public service induction, to build culture and values	Review and update the Public Service Induction programme by 31 March 2011	Reviewed and updated PSI learning materials resulting in the following: <ul style="list-style-type: none"> Expansion of the module dealing with the Constitution considering recommendations of the OPSC. Inclusion of the attributes of the Public Service Cadre. Provision of information on service benefits. Implementation of the TPD tools. 	Achieved.

Branch: Provider and Partner Mobilisation

Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Transformation	Implement transformation programmes and new strategy/ guidelines and procedures for provider mobilisation	Number of new public servants undergoing public service induction, to build culture and values	Provide public service induction programme to 30 000 new public servants within their probation period, in collaboration with national and provincial departments	During the financial year, 18 660 new public servants were trained on the Public Service Induction Programme.	Partially achieved. The achievement rate was 62% of the pre-determined target. The PSI review has resulted in a low intake of training whereby departments were awaiting the finalisation of the revised and updated PSI.
Transformation	Implement transformation programmes and new strategy/ guidelines and procedures for provider mobilisation	Trainer professional development framework, monitoring tools and guidelines implemented	Implement the trainer professional development framework monitoring tools and guidelines for JMMS training providers by 31 March 2011	Trainer professional development framework piloted for the PSI Trainers Learning Network in four provinces resulting in the participation of 290 trainers.	Achieved.

Branch: Training Coordination					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Coordination of training activities	Number of training interventions delivered to PALAMA clients	Approximately 1 000 training interventions delivered to PALAMA clients when needed and in-line with service standards by 31 March 2011	During the financial year, PALAMA delivered 1 063 training interventions to its clients.	Achieved.
Stakeholders	Establishment of a high-tech customer contact centre	Continuous improvement of contact centre processes	Respond to PALAMA clients within 48 hours of enquiry	Received a total of 5 313 requests for quotations, of which 95% were responded to within 48 hours of enquiry.	Achieved.
Stakeholders	Establishment of a high-tech customer contact centre	Continuous improvement of contact centre processes	Contact centre operates as a single point of contact for PALAMA clients, by 31 March 2011	The PALAMA's contact centre telephone number is available on all PALAMA marketing materials, and is the single point of contact.	Achieved.
Lateral contribution	Implementation of an electronic training calendar	Electronic training calendar made available to all PALAMA clients	Quarterly training calendar published on PALAMA's web site	Types of calls received include calls from prospective clients requesting quotations; information on training events; and course brochures. Maintained and updated the training calendar and published it on PALAMA's website.	Achieved.
Corporate governance	Development and maintenance of training management systems	Existing training management system reviewed	Review and prepare data within the existing training management system on a quarterly basis	Conducted system maintenance on a quarterly basis and in accordance with report requirements for client.	Achieved.

Branch: Training Coordination					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Development and maintenance of training management systems	Learner records database updated	Review and update the learner records database on a quarterly basis	Reviewed and updated learner records on the training management system database. <ul style="list-style-type: none"> Issued 24 986 certificates of attendance: <ul style="list-style-type: none"> 5 134 for JIMS; 18 660 for Public Service Induction; 1 192 for the "Breaking Barriers to Entry" programme Issued 1 596 certificates of successful completion. Issued 2 608 certificates of competence. 	Achieved.
Transformation	Optimisation of business practices for training delivery	Review and refinement of relationships, interfaces and boundaries between delivery units	Review and refine, on a quarterly basis, relationships, interfaces and boundaries between delivery units within PALAMA	Branch interface meetings focusing on training delivery were held on a quarterly basis.	Achieved.

Branch: Training Coordination					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Transformation	Optimisation of business practices for training delivery	Enterprise-wide training management system	Develop a high-level action plan (log frame) defining the concept and need for an integrated training management system by 31 May 2011. Approve a concept document by 31 October 2010. Appoint a project manager and finalise the requirement specifications for an integrated training management system by 31 March 2011	Developed an action plan log-frame for an integrated training management system.	Partially achieved. Although a log-frame for this project was developed, its final approval depends on the broader enterprise-wide (integrated) training management system project which was not implemented as it is part of the enterprise resource planning project that was put on hold, pending the further transformation of PALAMA.

Branch: Business Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Growth in person training days (PTDs) through business development	Number of service delivery proposals in place	Finalise service delivery proposals with four provinces and five national departments by 31 March 2011	Finalised five service delivery proposals: <ul style="list-style-type: none"> • Two with the EC Office of the Premier; • Two in Mpumalanga and Limpopo in partnership with LGSETA and SALGA; • One with the Western Cape Department of Local Government; • Two with GCIS: <ul style="list-style-type: none"> o FMDP workshops for 200 Thusong Centre Managers, o Excellent Customer Care training for 800 officials in Thusong Centres across the country. • Continuation of SCOA roll-out with the National Treasury. 	Achieved.

Branch: Business Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Growth in person training days (PTDs) through business development	Integration of client database for inclusion in the enterprise-wide system	Ensure that the Academy's client database is integrated with the enterprise-wide system by 31 March 2011	Updated client databases ready for integration in the enterprise-wide system.	Achieved.
Services to be delivered	Growth in person training days (PTDs) through business development	Number of PTDs achieved in national, provincial and local government	Facilitate the uptake of training in leadership, generic and functional management learning areas by achieving 280 000 PTDs by 31 March 2011	Achieved a total of 112 060 PTDs (82 723 for ED and JMMS, and 29 337 for PSI).	Partially achieved. The partial achievement of the PTD target is attributed to the following: <ul style="list-style-type: none"> • Funding model, which renders PALAMA courses expensive and therefore negatively influences the uptake; • Misalignment of the supply and demand of training programmes; • FIFA 2010 Soccer World Cup; and • Public service strike.

Branch: Business Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	Visibility of the academy in the public sector improved	Fully operational sites established in third region	Finalise project plan for the establishment of the third fully operational regional site 31 March 2011	During this financial year, the project plan for the third site was not finalised.	Not achieved. The project was suspended, pending the further transformation strategy and its implications on plans for regional operations.
Stakeholders	Visibility of the Academy in the public sector improved	Initiate new client perception survey	Implement new client perception survey on an annual basis across all spheres of government by 31 March 2011	Implemented the perception survey in 19 forums covering Mpumalanga, Limpopo, Gauteng, North West, Eastern Cape, KwaZulu-Natal and national departments.	Achieved.
Stakeholders	Visibility of the Academy in the public sector improved	Maintain and establish relationships with key stakeholders	Participate in conferences, seminars and exhibitions for marketing purposes	Marketed PALAMA programmes in the following events: <ul style="list-style-type: none"> Public Sector Trainers Forum; SALGA Human Resource Management Conference; DHET Skills Summit; Launch of the Quality Council for Trade and Occupation by the DHET; and LGSETA/SALGA Skills Development. 	Achieved.
Stakeholders	Visibility of the Academy in the public sector improved	Maintain and establish relationships with key stakeholders	Engage with national, provincial and local government for training collaboration by 31 March 2011	Training collaboration engagements undertaken, notably the following: <ul style="list-style-type: none"> Financial Management Improvement Forum organised by National Treasury; Batho Pele Learning Network organised by DPSA, including all national departments; Nine provincial engagements with provincial departments for local government; and Engagements with four provincial academies (KZN, WC, FS and GCRA) 	Achieved.

Branch: Business Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	Visibility of the Academy in the public sector improved	Maintain and establish relationships with key stakeholders	Develop a high-level events calendar by 30 June 2010	Maintained and updated the training calendar on PALAMA's website.	Achieved.
Lateral contribution	Promotion of training opportunities to users	Marketing plan implemented for Academy services	Secure approval and implement the PALAMA marketing plan for Academy services by 31 October 2010	Developed and implemented PALAMA marketing plan with 18 engagements undertaken in provincial and local government, notably the following: <ul style="list-style-type: none"> Project Management meeting with National Treasury on the Municipal Supply Chain Management training which resulted in 153 officials trained in eight provinces. Meetings held with the City of Cape Town to discuss MFMP training. 	Achieved.
Lateral contribution	Promotion of training opportunities to users	Frequency of client engagement undertaken	Organise and foster monthly communication and visits to client departments on an on-going basis to ensure consistent client engagement	Undertook 56 visits to national departments and 71 meetings held with provincial academies and provincial departments. 27 client national departments engaged with reference to SCOA uptake (training schedules and nominations and roll-out processes).	Achieved.
Lateral contribution	Promotion of training opportunities to users	Frequency of engagements with HRD practitioners, SDFs and trainers	Convene four collaboratively organised indaba gatherings for HRD practitioners, SDFs and trainers by 31 March 2011	Convened 9 indaba gatherings covering 8 provinces and undertook engagements covering the following: <ul style="list-style-type: none"> MFMP training with the CFO Forum in Mpumalanga; MFMP training with Western Cape Provincial Treasury; Three Service Delivery Departments (i.e. Agriculture and Land Affairs; Economic Development and Education), as well as the Office of the Director-General in Mpumalanga. 	Achieved.
Corporate governance	Training Needs Analysis model developed and implemented	Training Needs Analysis model implemented	Implement the TNA model with 10 key stakeholders by 31 March 2011	Implemented the TNA model with eight stakeholders, assisting them to identify training needs.	Achieved.

Branch: Business Development					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Training Needs Analysis model developed and implemented	Review and update the TNA model	Training document review and analyses completed by 31 March 2011. TNA tools reviewed and revised by 31 March 2011	Tested, reviewed and customised the TNA model tools.	Achieved.
Transformation	Training plans aligned to government priorities	Joint training plans with provincial academies to ensure alignment of training	Implement joint training plans with three provincial academies by 31 March 2011	PALAMA programmes were included in the priority training plans of FS, KZN and WC academies.	Achieved.
Transformation	Training plans aligned to government priorities	Joint training marketing plans with provincial academies to ensure alignment of training	Implement joint training marketing plans with three provincial academies by 31 March 2011	Undertook joint initiatives with four provincial academies (WC, Gauteng, FS and KZN). In the absence of provincial training marketing plans, Workplace Skills Plans (WSPs) were used to identify training priorities.	Achieved.

Branch: International and Special Projects					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Bilateral & multilateral international programmes with identified countries	International capacity building programmes implemented with three MDIs in Africa	Facilitate implementation of two capacity building programmes with three MDIs in Africa by 31 March 2011	<p>Implemented the following four programmes with three management development institutes:</p> <ul style="list-style-type: none"> • Monitoring and Evaluation • Training of Trainers • Supply Chain Management • Gender Mainstreaming. <p>Held a consultative meeting in Southern Sudan and DRC, to map out the way forward on PALAMA/DRC; and PALAMA/Southern Sudan capacity building interventions.</p> <p>Convened the RCB strategic planning workshop.</p>	Achieved.
Services to be delivered	Bilateral & multilateral international programmes with identified countries	AU Continental Capacity Development Programme Strategy developed by December 2010	Facilitate the implementation of the AU Continental Capacity Building Programme by 31 December 2010	<p>Established the Continental Steering Committee to oversee the development and implementation of the AU Continental Capacity Building Programme.</p>	<p>Partially achieved.</p> <p>The AU Continental Steering Committee meeting was held and a draft action plan was developed.</p>

Branch: International and Special Projects					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Bilateral & multilateral international programmes with identified countries	Management of the hosting of AMDIN	Implement a strategy to assist AMDIN Secretariat to function better by 31 August 2010	The strategy was drafted but not approved.	Not achieved. Strategy development commenced later than originally planned and submitted to the AMDIN Secretariat for inputs.
Services to be delivered	Bilateral & multilateral international programmes with identified countries	Relations with strategic partners in the North strengthened in relation to public service training	Develop a project proposal for a capacity development programme with two partners in the North by 31 March 2011	Developed project proposal with the German Development Agencies. Received funding from USAID for the roll-out of Financial Management training to municipalities in partnership with National Treasury.	Achieved.
Services to be delivered	Bilateral & multilateral international programmes with identified countries	International capacity building programmes with MDIs through South-South partnerships	Implement two capacity building programmes with two MDIs through South-South partnerships by 31 March 2011	Hosted the third IBSA capacity building seminar. Hosted senior officials from the Socialist Republic of the Government of Vietnam, as part of information sharing.	Achieved.
Stakeholders	External relations developed, managed and maintained	Aid effectiveness plan developed through participation in inter-departmental fora by 31 October 2011	Participate in the National Treasury led inter departmental aid effectiveness forum	Participated in the National Treasury inter-departmental forum and in the Aid Effectiveness Reference Group meetings focusing on the Evaluation of the Paris Declaration. Received and made comments on the draft country report circulated for discussions prior to its submission to the OECD DAC. Provided inputs to the draft aid effectiveness plan.	Achieved.

Branch: International and Special Projects					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	External relations developed, managed and maintained	Processes, policies, legal instruments, procedures, risk management and protocols for international relations & ODA developed	Obtain approval for the revised ODA policy by 31 March 2011	The ODA Policy was drafted but not approved.	Partially achieved. The draft ODA policy was not approved and implemented as it still needs to be aligned with the revised guidelines on ODA as developed by the National Treasury. These guidelines have not been finalised and approved as yet.
Stakeholders	External relations developed, managed and maintained	Processes, policies, legal instruments, procedures, risk management and protocols for international relations & ODA developed	Implement the revised ODA policy within PALAMA by 31 March 2011	Convened an ODA policy workshop to improve overall donor management.	Partially achieved. The policy was drafted but not approved and therefore not implemented.

Branch: International and Special Projects					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	External relations developed, managed and maintained	Processes, policies, legal instruments, procedures, risk management and protocols for international relations & ODA developed	Obtain approval for the International Relations strategy by 31 March 2011	Drafted International Relations Strategy to inform implementation of IR activities and convened consultative sessions with the Ministry.	Partially achieved. The draft strategy was not approved as in the future, PALAMA's work will form part of the broader international relations activities managed through the Ministry.
Stakeholders	External relations developed, managed and maintained	Processes, policies, legal instruments, procedures, risk management and protocols for international relations & ODA developed	Establish guidelines on reporting on international trips and a central repository of reports by 31 August 2010	Drafted guidelines on international trips and a central repository of reports.	Partially achieved. The draft guidelines were not approved as in the future, PALAMA's work will form part of the broader international relations activities managed through the Ministry.
Stakeholders	External relations developed, managed and maintained	Engagement with relevant country partners at Country Annual Consultations	Engage with three relevant country partners at Country Annual Consultation to further the development agenda	Held annual consultations with three partners: Germany, the EU and the UNDP	Achieved.

Branch: International and Special Projects					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	External relations developed, managed and maintained	Engagement with relevant country partners at Country Annual Consultations	Convene the Annual Donor Forum by 31 March 2011	Annual Donor Forum not convened.	Not achieved. A decision was taken for a joint annual donor forum for the MPSA portfolio. This was to be led by DPSA, but time constraints did not allow for the Forum to take place in 2010/11.
Stakeholders	External relations developed, managed and maintained	Regional and international collaborations for excellent executives undertaken	Undertake regional and international collaboration for excellent executives by 31 March 2011	Held engagements for the customisation of the EDP and Project Khaedu in post-conflict countries.	Partially achieved. The customisation is underway for roll-out in the new financial year.
Lateral contribution	Capacity for better implementation of donor-funded projects	Better implementation of donor-funded projects	Convene three capacity building workshops to improve the implementation of donor-funded projects by 31 March 2011	Convened three capacity building workshops covering Supply Chain Management; Procurement for Donor-funded Projects; and the ODA policy.	Achieved.
Lateral contribution	Capacity for better implementation of donor-funded projects	Virtual network for sustainable international and donor-funded projects	Implement a virtual network for relevant projects by 31 March 2011	Developed and implemented a virtual network for sharing of information under the RCB Project.	Achieved.

Branch: International and Special Projects					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Project management and M&E systems in PALAMA for international projects established	M&E framework reviewed for donor funded projects	Review the M&E framework for donor funded projects by 31 October 2010	Reviewed a performance measurement framework for use in results-based M&E, in relation to donor funded projects.	Achieved.
Corporate governance	Project management and M&E systems in PALAMA for international projects established	M&E framework reviewed for donor funded projects	Develop a new M&E Framework for all donor funded projects by 31 March 2011	Developed a performance measurement framework for use in results-based monitoring and evaluation, in relation to donor funded projects.	Achieved.
Transformation	Special projects supported	Project management support provided for management & leadership training with donor funding in local government	Facilitate the customisation of learning materials for the implementation in three district municipalities by 31 March 2011	Customised the EMDP and AMDP for implementation in three district municipalities (Bojanala, Ilembe, Chris Hani).	Achieved.
Transformation	Special projects supported	Project management support provided for management & leadership training with donor funding	Facilitate the provision of training on FMDP and E&AMDP to managers in three municipal districts by 31 March 2011	Provided training on FMDP for local government in the three district municipalities.	Partially achieved. The roll-out of the E&AMDP for local government commenced and will be completed by June 2011.
Transformation	Special projects supported	Project management support for management & leadership training with donor funding at a municipal level	Facilitate the customisation of learning materials for the local sphere of government by 31 March 2011	Customised EMDP and AMDP training for implementation in local government.	Achieved.

Branch: Governance and Strategic Support					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Strategic management of the components of the governance and strategic support cycle	Strategic planning and reporting cycle processes and systems reviewed and enhanced	Review the strategic planning and reporting process by 30 September 2010 Develop a policy on managing organisational performance by 31 August 2010	Reviewed the strategic planning and reporting process and submitted all quarterly organisational performance reports to the Minister and National Treasury. Strategic planning process for the next financial year undertaken in January 2011 and the approved strategic plan tabled in Parliament during March 2011. Developed the policy on managing organisational performance and obtained its approval from the Director-General.	Achieved.
Services to be delivered	Strategic management of the components of the governance and strategic support cycle	Performance auditing as part of the management of organisational performance implemented	Implement a system of performance auditing within branches to assess performance against evidence of achievement by 30 June 2010 Undertake random sampling of evidence against reported performance on a quarterly basis	Implementing a system of performance information auditing as part of performance reporting. This is a monitoring measure whereby branches indicate, track and confirm performance achieved. Undertook random sampling of evidence submitted to validate reports submitted by branches.	Achieved.

Branch: Governance and Strategic Support					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Strategic management of the components of the governance and strategic support cycle	Effect risk management	<p>PALAMA risk register developed and monitored</p> <p>Convene two risk awareness engagements by 31 March 2011</p> <p>Establish a Risk Management Committee and update the Risk Charter</p>	<p>Developed, adopted and monitored the Risk Register action plan.</p> <p>Convened five risk awareness and action plan implementation consultation workshops.</p> <p>The Risk Management Committee has been established and is functional in line with the Risk Charter.</p>	Achieved.

Branch: Governance and Strategic Support					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	Comprehensive communications strategy developed and implemented	Communications strategy elements reviewed and enhanced	<p>Review and enhance the communications strategy elements bi-annually (30 September 2010 and 31 March 2011) to ensure PALAMA's competitive edge through marketing and communication.</p> <p>Undertake three internal events including PALAMA open-day session to keep officials informed about PALAMA offerings and the available marketing material.</p> <p>Ensure that the PALAMA stakeholder database is updated on a bi-monthly basis.</p>	<p>Reviewed marketing materials and explored new marketing tools through the Marketing Materials Committee meeting on a monthly basis.</p> <p>Reviewed exhibition materials and designed and produced new creative products.</p> <p>Hosted three internal events showcasing PALAMA branded promotional, marketing and exhibition material.</p> <p>Updated stakeholder database quarterly.</p>	<p>Partially achieved.</p> <p>The communication strategy has been drafted and not finalised. Further work will be done as part of internal and external consultations with stakeholders under the further transformation consultation processes.</p> <p>Achieved.</p> <p>Achieved.</p>

Branch: Governance and Strategic Support					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	Comprehensive communications strategy developed and implemented	Academy branding and corporate identity strategy	Review and enhance the branding and corporate identity strategy by 30 September 2010	<p>Reviewed existing organisational branding, against the branding guidelines provided by the GCIS, and introduced standard presentation templates as well as an e-mail signature.</p> <p>Enhanced corporate identity of PALAMA through placement of advertorials in a range of publications such as:</p> <ul style="list-style-type: none"> • Vukuzenzele; • Financial Mail HR & Skills Development Guide; • Commonwealth Publication; • Sawubona; • Leadership; • CPSJ journal; • New Agenda; • Municipal Focus and • participated in Cape Media's Tomorrow's Leaders Convention <p>Enhanced corporate identity of PALAMA through participation in exhibitions such as:</p> <ul style="list-style-type: none"> • GovTech; • CPSI Innovation Conference; • Minister's Public Participation Programme; • Northern Cape & Soweto Careers Expos; • PSTF conference; and • Minister's Budget Vote and NCOP speeches 	Partially achieved. The communication strategy has been drafted and not finalised. Further work will be done as part of internal and external consultations with stakeholders under the further transformation consultation processes.
Lateral contribution	Knowledge management system developed and implemented	Knowledge management strategy and system developed and implemented	Develop and implement a knowledge management strategy and system by 30 September 2010	<p>Developed a draft knowledge management conceptual document. Though the latter was not finalised, the following activities were carried out:</p> <ul style="list-style-type: none"> • Design and implementation of the PALAMA intranet • Development of PALAMA intranet policy • Engagements held with the external KM specialist, which informed the development of the draft employee survey • Engagement with the draft KM documents as developed by the DPSA. 	Partially achieved. The KM strategy and system were not finalised due to capacity constraints, both financial and human resources.

Branch: Governance and Strategic Support					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Lateral contribution	Knowledge management system developed and implemented	Seminar series convened within the Academy to improve knowledge management	Initiate three seminar series within the Academy by 31 March 2011	Undertook internal seminar series through the following activities: <ul style="list-style-type: none"> • Nine brown-bag lunch sessions (Internal staff information sessions) • One information session on government branding. 	Achieved.
Lateral contribution	Knowledge management system developed and implemented	Resource centre established to enhance the knowledge base within PALAMA	Establish a library resource centre within PALAMA to enhance the knowledge base by 30 September 2010	Developed and submitted a request for proposals to potential service providers for the establishment of the resource centre. Undertook engagements with the National Library of South Africa to obtain assistance with the establishment of the resource centre. Obtained access to on-line library services through Sabinet. Set up the physical infrastructure for the library.	Partially achieved. Due to capacity constraints, both financial and human resources, a fully functional resource centre was not established.
Lateral contribution	Knowledge management system developed and implemented	Intranet and PALAMA web site developed and maintained	Develop an intranet by 30 September 2010 in support of communication tools Update and maintain PALAMA website on a bi-monthly basis	Developed and launched PALAMA intranet which is continuously updated and used as a communication tool. Updated PALAMA website bi-monthly and on a needs basis.	Achieved.
Corporate governance	Legal and contract management framework developed	Legal and contract management framework reviewed and enhanced	Review and enhance the legal and contract management framework by 31 October 2010	Developed a draft contract management framework. Assistance on legal and contractual matters is provided by the Office of the State Attorney.	Partially achieved. The contract management framework was not approved and implemented due to capacity constraints.

Branch: Governance and Strategic Support					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Legal and contract management framework developed	PALAMA contracts database institutionalised	Develop a contracts management database by 31 October 2010 Undertake an audit of contract information through the generation of reports, on a quarterly basis. Extend the functionality of the contracts management database to each branch in PALAMA by 31 January 2011.	Developed and updated a manual contract management database. Obtained approval for the procurement of an electronic contract management system. The manual contract management database functional and the electronic database is not in place dependent on the procurement of the electronic system.	Achieved.
Transformation	Project management capability established	Project management approach implemented in PALAMA	Develop a project management approach for implementation in PALAMA by 31 December 2010	Engaged with the National Treasury Technical Assistance Unit on the design of a compliance framework for project management.	Not achieved. Project management framework for the public service is in place and PALAMA will follow this framework.

Branch: Governance and Strategic Support					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Transformation	Project management capability established	Project management methodology and capability developed	Facilitate project management methodology and capability in three branches by 31 March 2011 Undertake training of 75 officials on project management methodology by 31 March 2011	Implemented project management methodology in the Curriculum Management and Executive Development Branches.	Partially achieved. No officials were trained on project management as planned, however, branch representatives attended project management training workshops convened by National Treasury Technical Assistance Unit.

Branch: Corporate Services					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Delivery of strategic flexible corporate services to the Academy	HR processes in terms of HRD strategy checklist enhanced	Undertake phase two enhancements to HR processes in terms of HRD strategy checklist by 31 March 2011	<p>Obtained approval and submitted the 2010/11 WSP.</p> <p>Obtained approval and submitted the three quarterly WSP implementation reports to PSETA.</p> <p>Work relating to the WSP includes the approval of the internship policy, as well as the approved M&E of the HRD tool, which was submitted to the DPSA.</p> <p>A total of 52 training programmes were attended by 142 PALAMA employees. The training programmes include:</p> <ul style="list-style-type: none"> • A workshop on delegations and decision making rights; • Job grading system and post-provisioning norms and standards; • 2nd biennial labour relations conference; • Roundtable on professional ethics in the public service; • Pilot workshop for generic human resource programme for the public service; and • Advocacy on approved HR policies. 	Achieved.
Services to be delivered	Delivery of strategic flexible corporate services to the Academy	Outsourced service delivery model in relation to IT services	Review the outsourced service delivery model in relation to IT services by 31 March 2011	Reviewed the three year contract between Gijima and PALAMA, in order to identify new areas of improvement towards better ICT services from Gijima.	Achieved.
Services to be delivered	Delivery of strategic flexible corporate services to the Academy	Outsourced facilities management delivery model in relation to facilities management	Review the outsourced facilities management delivery model in relation to facilities management	Concluded a new contract and service level agreement (SLA) with FMS for better outsourced facilities management services.	Achieved.

Branch: Corporate Services					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	Development of SLAs with users and service providers	IT SLA managed	Monitor the performance and SLA of the IT service provider through monthly performance reports	Held monthly SLA meetings with SITA, and bi-weekly meetings with Gijima.	Achieved.
Stakeholders	Development of SLAs with users and service providers	Facilities management SLA managed	Monitor the performance and SLA of the facilities management provider through monthly performance reports	Held monthly performance review meetings based on the scope of work as stipulated in the terms of reference and reports submitted by the service provider.	Achieved.
Stakeholders	Development of SLAs with users and service providers	Service provider for wellness and employee assistance	Procure the services of a service provider for wellness and employee assistance by 31 July 2010. Monitor the performance and SLA of the service provider through monthly performance reports	Contracted PHS for the provision of wellness and employee assistance programme. Held monthly meetings with PHS based on the scope of work as stipulated in the terms of reference and reports submitted by the service provider.	Achieved.

Branch: Corporate Services					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Lateral contribution	Delivery of proactive services in respect of building and facilities management to the Academy	Appropriate facilities and premises for regional operations secured	Secure appropriate facilities and premises for KZN regional operation by 31 December 2010	No activities were undertaken in the securing of the KZN regional operation.	Not achieved. The project was suspended, pending the further transformation strategy and its implications on plans for regional operations.
Lateral contribution	Delivery of proactive services in respect of building and facilities management to the Academy	Personalised security system managed	Undertake on-going management of a personalised security system for all PALAMA staff	Installed a software system to improve security measures and including IT intrusion detection. Upgraded all PALAMA servers with the latest Microsoft patches.	Achieved.
Corporate governance	Enhanced systems/procedures implemented	HR delegations reviewed	Review the HR delegations in line with new legislation, prescripts and policies by 31 March 2011	Undertaken IT audits in relation to vulnerability assessments and overall IT security improvement, assisted by the State Security Agency Reviewed HR delegations for approval.	Partially achieved. The revised HR delegations were presented to the executive management committee but were not approved.

Branch: Corporate Services					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Corporate governance	Enhanced systems/ procedures implemented	Electronic document and archive management system as part of the enterprise resources system developed	Design an electronic document and archive management system of the enterprise resources system by 31 March 2011	Compiled draft terms of reference for an Enterprise Content Management (ECM) System.	<p>Not achieved.</p> <p>The ECM final approval depends on the broader enterprise-wide resource plan (ERP) which was put on hold, pending the further transformation of PALAMA.</p> <p>ECM implementation replaced the implementation of the full enterprise architecture system. This decision was considered in the last quarter of the year on the basis of prioritising a content management system that will only focus on core modules such as document and records management.</p>

Branch: Corporate Services					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Transformation	Infrastructure and processes to promote the integration of transverse systems implemented	Phase one of the enterprise architecture implemented	Implement phase one of the enterprise architecture by 31 March 2011	The enterprise architecture plan was not implemented.	Not achieved. The enterprise architecture project was put on hold pending further transformation of PALAMA.
Transformation	Infrastructure and processes to promote the integration of transverse systems implemented	Electronic performance management module of enterprise system implemented	Implement an electronic performance management module of intended enterprise system by 31 March 2011	The electronic performance management system was not implemented.	Not achieved. Electronic performance management was planned as a module in the enterprise architecture project. The project was put on hold pending further transformation of PALAMA.

Branch: Corporate Finance					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Services to be delivered	Provision of innovative financial and supply chain services to the Academy	Monitoring of refined financial and funding model	Develop detailed monitoring of refined financial and funding model in the light of increasing PTDs by 30 June 2010	Detailed monitoring and refinement of the financial and funding model was not finalised. The refinement is subject to a completion of the activity-based costing project that has been initiated.	Not achieved. A new project for activity-based costing model has been initiated in the last quarter of the financial year.
Services to be delivered	Provision of innovative financial and supply chain services to the Academy	Review of supply chain management systems and user-friendly procedures	Undertake on-going review of supply chain management systems and user-friendly procedures	Reviewed the SCM System, resulting in the following: <ul style="list-style-type: none"> • Online supplier data base signed off • Warehouse processes and procedures review • New travel authorisation form implemented • Tracking of accruals and payments system implemented. 	Achieved.
Services to be delivered	Provision of innovative financial and supply chain services to the Academy	Training on changing content of supply chain and asset management systems and procedures	Undertake training on changing content of supply chain and asset management systems and procedures by 30 April 2010	Conducted training covering the following: <ul style="list-style-type: none"> • Travel management for travel bookers; • Supply chain processes to branches and RCB project coordinators. 	Achieved.

Branch: Corporate Finance					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Stakeholders	Submission of statutory reports and Annual Financial Statements (AFS)	Statutory monthly reports and AFS	Deliver statutory monthly reports by the 15 th of each month and AFS by August 2010	<p>Compiled and submitted Early Warning System monthly reports and compliance certificate to the National Treasury.</p> <p>Compiled and submitted the AFS to National Treasury and the Auditor-General.</p> <p>Compiled and submitted reports on irregular and fruitless expenditure to the Audit Committee.</p> <p>Reported on deviations from competitive bidding for transactions above R1m to National treasury and Auditor-General.</p> <p>Reported on-line the transactions above R100 000 into the National Treasury database.</p>	Achieved.
Stakeholders	Submission of statutory reports and Annual Financial Statements	Delivery of ENE	Deliver an ENE by 31 January 2011, mindful of impact of increasing PTDs	Submitted final ENE chapter to the National Treasury.	Achieved.
Stakeholders	Submission of statutory reports and Annual Financial Statements	Systemisation of 'bottom-up' budgeting with the Branch Heads	Undertake budgeting process with Branch Heads by 31 May 2010	Undertook budget process with Branch Heads.	Achieved.
Lateral contribution	Provision of management information to guide informed decision making	Enhancement of management information to Branch Heads and colleagues	Undertake enhancement of management information to Branch Heads and colleagues on a quarterly basis	<p>Prepared and submitted monthly commitments and accrual reports to the branches.</p> <p>Presented asset verification report to EMC and disposal committee.</p> <p>Trained SMS members and relevant administrators on BAS.</p>	Achieved.

Branch: Corporate Finance					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Lateral contribution	Provision of management information to guide informed decision making	Financial 'dashboard' in the light of user comments	Improve and extend financial 'dashboard' in the light of user comments on a quarterly basis	Identified and finalised the new management pack for the Vote Account.	Achieved.
Corporate governance	Enhanced systems and procedures implemented	Financial delegations reviewed and updated	Review and updating of financial delegations by 30 April 2010	Reviewed delegations in May and November 2010 and approved by the Director-General.	Achieved.
Corporate governance	Enhanced systems and procedures implemented	Internal controls refined	Refine internal controls in the light of internal audit reviews and management letter by 31 March 2011	Implemented the internal control recommendations issued by KPMG. Established a standing committee for the evaluations of quotes and tenders. The membership of the Bid Adjudication Committee was also reviewed.	Achieved.
Corporate governance	Enhanced systems and procedures implemented	Assignment of risk champions regarding financial and supply chain systems	Assigning of the branch risk champion	Appointed risk champions in all branches.	Achieved.

Branch: Corporate Finance					
Strategic objective	Output	Indicator	Target for 2010/11	Actual performance	Performance status
Transformation	Integration of financial systems	Detailed definition of financial, supply chain, debtors, donor and asset management modules of the intended enterprise system	Define the financial, supply chain, debtors, donor and asset management modules by 30 September 2010	Implemented the conversion project for the Trading Account changing from BAS to Pastel as a transitional measure whilst waiting for the integrated system.	Not achieved. The conversion project was planned as a part of the implementation of the enterprise architecture system. The project was put on hold pending further transformation of PALAMA.
Transformation	Integration of financial systems	Detailed definition of interface between transverse systems and intended enterprise system	Define the interface between transverse systems and intended enterprise system by 30 September 2010	The interface between the transverse systems and intended enterprise system was not undertaken.	Not achieved. The interface between the transverse systems and intended enterprise system was planned as a part of the implementation of the enterprise architecture system. The project was put on hold pending further transformation of PALAMA.



Part Three

3. Annual Financial Statements

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- 3.1.2 Audit Committee Responsibility
- 3.1.3 Effectiveness of Internal Control
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3.3 Report of the Auditor-General on Vote 11(a)

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3.5 Statement of Responsibility

3.6 Report of the Auditor-General on Training Trading Account

3.7 Training Trading Account (PALAMA TTA) Annual Financial Statements

3.1 Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2011.

3.1.1 Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and should meet at least three times per annum as per its approved terms of reference. During the year under review five meetings were held.

Name of member	No. of meetings attended	Notes
Dr DP van Der Nest (Chair)	5	
Ms S Hari	5	
Mr J Maboja	3	(appointment date 14 July 2010)
Ms M Manyama-Matome	3	(appointment date 14 July 2010)
Prof LS Mollo	3	

3.1.2 Audit Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 38(1)(a) of the Public Finance Management Act, No. 1 of 1999 and Treasury Regulation 3.1. We further report that we conducted our affairs in compliance with this charter.

3.1.3 The Effectiveness of Internal Control

The system of internal control applied by PALAMA over financial and risk management is effective, efficient and transparent.

In line with the PFMA and best practice on corporate governance, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General of South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective, and the quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

3.1.4 Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited Annual Financial statements to be included in the annual report, with the Auditor-General of South Africa and the Accounting Officer;
- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;

- Reviewed the department's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

We concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted, read together with the report of the Auditor-General of South Africa.

3.1.5 Internal Audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audits.

3.1.6 Auditor-General of South Africa

We have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

3.1.7 Closure

The Audit Committee wishes to thank the Director-General, Professor Solly Mollo, for his support of the audit committee. Our gratitude is extended to the CFO, her team and all managers and staff members of PALAMA. Their commitment and constant strive towards excellence has resulted in the department again receiving an unqualified audit report for the 2010/11 financial year.



Dr DP van der Nest
Chairperson of the Audit Committee

3.2 Report of the Accounting Officer

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

3.2.1 General Review of the State of Financial Affairs

3.2.1.1 Policy review and strategic issues facing the department

Since PALAMA's establishment in 2008, its strategic thrust focused on two main streams of training and development, these being the leadership skills-oriented executive development programmes for senior management service (SMS) officials, and the management competence-focused programmes for junior and middle management service (JMMS) officials. PALAMA has since been an optional training provider among other providers that government departments can use to secure employee training. Only the Public Service Induction (PSI) programme that PALAMA offers is a mandatory training programme linked to the probation training of employees newly appointed in the public service. The training delivery model of PALAMA relies on outsourcing of training activities to Higher Education Institutions (HEIs), private sector training organisations and Individual Independent Contractors (IICs) used as training agents for PALAMA.

PALAMA's funding is based on a cost-recovery model, whereby the department has to generate funds from training fees to cover all expenditure relating to the implementation of training activities and to build reserves. Such reserves ought to be used in the immediate term for the Training Trading Account to invest in the design and development of learning materials and in the long term, for recover of operational costs towards being a financially self-sustainable training entity for training operations. As a result, PALAMA operates a Vote account that funds all its support services (later referred to as Programme 1) and also operates a Training Trading Account (TTA) that is partially funded from Vote (later referred to as Programme 2). The agency training delivery model (TTA model) was built on the intent to significantly increase the course offerings and outreach of training activities to cover the national geographical spread of government departments and their possibly diverse training needs.

The 2010/11 financial year has been a significant one for PALAMA. In this year, PALAMA reached its initial three-year cycle since establishment, a milestone that provided an opportunity for PALAMA to undertake an organisational review. This was aimed at analysing its founding model guided by the expectations as outlined in its founding documents, particularly, the Ministerial Committee (Mincom) recommendations and Cabinet approval made in 2006. This has also been an opportunity to analyse PALAMA's performance results in relation to its ability to achieve its medium-term expenditure framework targets comparing actual results with targets founded on the baselines set out during its founding year (2008/09-2010/11 strategic plan framework).

The review findings and the analysis of the performance results of the organisation have pointed to significant shortcomings in PALAMA's current business model. Notable in this regard is that, while PALAMA clients expect it not to make a profit out of training fees as a state department, PALAMA course fees have to be calculated with a profit margin. This is linked to the funding model, which requires PALAMA to recover its training delivery costs and to raise a surplus for future reserves. Based on the business plan and financial projection for the 2010/11 financial year, the department had a target to generate R130 million in this financial year. This would be achieved by reaching a target of 280 000 person training days. Critical factors that determine whether PALAMA will or will not meet its targets, are departments that choose to use PALAMA for the training of their personnel and the number of days that officials can afford to be away from work undergoing training. Furthermore, trends from our training records indicate that training uptake is cyclical and not a constant activity throughout the year.

Considering that PALAMA employees responsible for training activities enjoy equal status to any other public servant in relation to their employee benefits, the analysis of the partial funding arrangement for all training activities necessitates that funds transferred from the Vote to the Training Trading Account should be prioritised for these benefits, after which PALAMA has to fully fund its training activities through cost recovery from training fees.

The review findings also highlighted a need for PALAMA to provide training programmes customised to the requirements of specific departments in addition to the cross-cutting generic competence training programmes, coupled with this, is a need for training facilitators who have practical experience of government's operations and experience of activities relating to their areas of training.

The current business model renders PALAMA to be commercially driven, which compromises the quality of training and number of officials trained. Through engagements with clients, stakeholders, the Minister for Public Service and Administration as well as through statements made by the ruling party in government, signals have been raised in support of the further transformation of PALAMA. This is a repositioning strategy aimed at making this training arm of government more focused, relevant and responsive to the developmental needs of the state and of its employees. Key to the work done in 2010/11 has been the development of the framework to reposition PALAMA towards a School of Government for the public service and to strengthen its ability to develop a public service cadre worthy of serving the people of our country and displaying the values, ethos and culture that this government is inculcating. The review findings and response to the need for finalisation of PALAMA's further transformation plan led to transitional organisational management arrangements and reprioritisation of programmes initially set out for 2010/11.

3.2.1.2 Significant events that have taken place during the year

The following are significant events noted during 2010/11:

- PALAMA has responded to the call made by the Minister for Public Service and Administration towards breaking barriers to public service employment for unemployed youth graduates. PALAMA developed the "Breaking Barriers to Entry" programme and trained 1 192 unemployed youth graduates. Sixty-nine (69) public servants were trained as facilitators who were deployed in the training roll-out of this programme. The unemployed youth graduates who have undergone this training will form part of government's pool for absorption into internship programmes and other employment opportunities in the public service.
- PALAMA has responded to the government's commitment to fight corruption. During the reporting period, 44 training sessions on Ethics and Anti-Corruption in the Public Service were rolled-out. A total number of 954 public service officials participated in these training sessions. PALAMA also developed an anti-corruption on-line discussion forum implemented in close collaboration with the Department of Public Service and Administration.
- During this financial year, training materials for the Public Service Induction (PSI) programme was updated to ensure that the course advances values, culture and ethos towards public service cadre development, in particular, the principles of *Batho Pele*. Training was rolled-out to 18 660 new public servants, while PALAMA also piloted the PSI Trainers Learning Network among 290 trainers from eight provincial and national departments.
- PALAMA continues to maintain its regional work contributing towards capacity development on the continent. Key to its continental activities is the Regional Capacity Building (RCB) project. This is a five-year developmental initiative funded by the Canadian International Development Agency (CIDA). PALAMA is the implementing agency for the project with the Rwandan Institute of Administration and Management (RIAM), the Ecole Nationale d'Administration (ENA) in Burundi and the Capacity Building Unit of the Ministry for Human Resource Development in Southern Sudan. Progress in this project has been made towards advancing institutional strength through specific interventions for strategic planning; improved procurement and financial practices; gender advocacy; collaboration and regional networking supported by project steering meetings; and support for quality curriculum development through the Lead Trainer Development Programme. Notable is also the influence of this programme in the uptake of female participants for training courses conducted.

PALAMA also successfully hosted the following events:

- An eLearning Indaba held on 9-10 February 2011, attended by 83 government officials representing 28 government departments focusing on standardising eLearning implementation in the public service.
- An Inter-Governmental Workshop (IGW) held on 7-8 December 2010 focusing on Breaking Barriers to Entry into the Public Service.
- The Public Sector Trainers' Forum (PSTF) Conference held in East London on 2-4 October 2010, hosted in collaboration with the Eastern Cape Office of the Premier. The Conference was attended by 670 delegates, including human resource development practitioners, other public service managers and academics from the further education and training (FET) and higher education and training (HET) sectors.
- The third India-Brazil-South Africa (IBSA) Management Development Institute (MDI) seminar held in September 2010. The focus of the seminar was on South-South practices in management and leadership capacity building and public service delivery.
- Orientation programmes for international delegations from Southern Sudan, France and Vietnam.

3.2.1.3 Major projects undertaken or completed during the year

The Capacity Building Programme for Members of Parliament and Provincial Legislatures, a joint initiative of the Speaker's Forum and PALAMA, commenced in 2010. The Programme is a unique professional training and development initiative for Members of Parliament and Provincial Legislatures sponsored by the South African Legislative Sector under the auspices of the Speakers' Forum. By the end of the financial year, five modules of the introductory course had been rolled-out to Members in the national Parliament and eight Provincial Legislatures.

A new capacity-building opportunity was also secured through partnership with the Office of the Auditor-General (AGSA) for the training of 1 000 executives, senior and middle managers on the customised SMS induction programme. Training will be conducted over three years (2011-2013). The memorandum of agreement (MoA) has been finalised with the AGSA and the learning materials already piloted in 2010. The AGSA is seen as a critical partner of PALAMA in an initiative that will greatly contribute to improving accountability and monitoring capacity within government. Through this initiative, PALAMA also has an opportunity to demonstrate how it can build strategic relationships with oversight organs of state.

Furthermore, PALAMA has endeavoured to establish the practice of networking, collaborative learning and sharing resources in on-line communities of practice (COP). The COP membership grew from 422 public servants in the 2009/10 financial year to 2 262 during the 2010/11 financial year, representing members from 52 government departments.

The International and Special Projects (I&SP) function has been located in the Office of the Director-General from June 2010. The Office of the Director-General ensures that PALAMA engages and shares information on a continental and international level in the field of public service training and development.

PALAMA is also leading the implementation of the Continental Capacity Development Programme that is championed by the Minister for Public Service and Administration. This initiative, which falls under the auspices of the African Union, is a programme of the Conference of African Ministers of Public/Civil Service (CAMPs). PALAMA has been responsible for setting up the programme's management structure by facilitating the establishment of a continental steering committee and developing the draft strategy and action plan.

The last PALAMA-AMDIN-JICA Training-of-Trainers Course was facilitated from 22 November to 3 December 2010. This is part of the project implemented through the five-year MoA between PALAMA and JICA, which expired in December 2010. JICA provided funding for the travel and accommodation costs, while PALAMA provided training facilities and trainers as well as logistical support for the training to take place. In total, 142 senior training personnel from 35 African countries received training to enhance the capacity of training institutions across the African continent.

3.2.1.4 Spending trends –Vote account

The full budget appropriation for the 2010/11 financial year of R118.4 million was spent with a saving of R2.9 million. The total expenditure breakdown of R115.5 million spent in 2010/11 and spending patterns compared to the 2009/10 financial year is summarised as follows:

- Compensation of employees increased by 15.3%, from R18.3 million to R21.1 million, due to vacancies being filled. The number of employees increased from 51 to 64. Critical in this regard, has been PALAMA's decision to do away with labour broker contracts and to directly appoint its fixed-term contract employees.
- Goods and services decreased by 20.5% from R39.1 million to R31.1 million. Critical in this regard, has been a shift towards utilisation of internal competencies and reducing the use of consultants, thus saving on consulting fees.
- Expenditure on capital assets decreased by 64.4% from R5.9 million to R2.1 million. This is a saving resulting from deferred procuring of computer equipment for new employees, as filling of posts relating to the budget provision made was also deferred to the 2010/11 financial year.

PALAMA started the financial year with a balance of R11.3 million donor funds carried forward from the previous year and received R25.4 million for donor-funded projects in 2010/11. Of these funds, R14.3 million was spent during this financial year. The balance of R22.4 million will be utilised in the following year as per the project implementation plans agreed to with donors.

As will be noted in the annual reports from 2006/07, R28 million was transferred in advance and ring-fenced for use for the Public Sector Induction (PSI) programme. This amount is treated as a payment-in-advance and has been reclassified accordingly. It is being drawn on as required for the roll-out of the PSI training. A sum of R2.8 million has been used for the PSI in 2010/11, leaving a balance of R11.1 million available for use in the 2011/12 financial year.

3.2.1.5 Virement

The Accounting Officer approved PALAMA's virement request, which has been submitted and approved by the National Treasury. The budget allocation for Programme 1 has thus been reduced by R4.98 million and that of Programme 2 increased with the same amount.

3.2.1.6 Any other material matters

Soccer World Cup clothing and tickets

PALAMA spent no funds on procurement of tickets for the FIFA 2010 Soccer World Cup. In line with the national call for all South Africans and government institutions to support the World Cup, PALAMA adopted the World Cup theme for its staff team building activities held immediately before and during the World Cup period and spent a total of R12 087.55 in this period as part of the team building activities.

Irregular, fruitless and wasteful expenditure

Irregular expenditure of R0.7 million was incurred during the financial year due to non-compliance to supply chain procedures on training and catering-related expenditure. Irregular expenditure condoned was R0.7 million.

Fruitless and wasteful expenditure of R0.1 million was incurred during the financial year due to unavoidable cancellation fees. Fruitless and wasteful expenditure written off was R0.1 million.

Investigations

PALAMA conducted an investigation into allegations of possible misappropriation of funds. The investigation has resulted in criminal proceedings being instituted against the employee.

3.2.2. Services Rendered by PALAMA

3.2.2.1 Training and other outputs

PALAMA's primary performance driver is the attainment of person training days (PTDs), which is linked to the current cost-recovery funding model. The PTDs target set for the 2010/11 financial year was 280 000 PTDs. A total of 112 060 PTDs has been achieved, which represents an achievement rate of 40% of the overall annual target of 280 000 PTDs. Despite this being lower than the target PTDs, in some areas targets were exceeded. The Executive Development Programme had an annual target of training 500 officials, with 1 546 officials having been trained by end of the financial year. Project Khaedu had an annual target of training 600 officials and 852 officials were trained by end of the financial year. The overall underperformance recorded in this financial year is ascribed to significantly reduced uptake of PALAMA's training offerings. Important to note in this regard is that both the funding and business models of PALAMA make the Academy's training courses more expensive in comparison with course fees from other providers in the market. The training materials adopted from SAMDI also proved not to be relevant in the market, necessitating a need to review key functional courses and therefore temporarily withdrawing some courses from the training schedule.

3.2.2.2 Tariff policy

Course fees are determined on a cost-recovery basis in accordance with Treasury Regulation 19.5.2. The tariffs are revised annually as part of the on-going financial activity and in accordance with Treasury Regulation 19.5.3.

3.2.2.3 Free services

Beyond the training of existing public servants, PALAMA also responded to the Minister's call for breaking barriers to public service entry. PALAMA undertook to train 1 000 unemployed youth graduates through the Breaking Barriers to Entry programme. By the end of the financial year, 1 192 unemployed youth graduates received training to better equip them for entering the public sector employment stream. The model and approach used in this programme have certainly signalled a shift in the manner in which training is provided, in that the Academy also utilised existing public servants to facilitate the training of the programme participants.

The PSI programme is a compulsory orientation programme for all new public servants. During this financial year, the training materials for the PSI programme were updated to include the attributes of cadre development, and training was rolled-out to 18 660 new public servants.

3.2.3. Capacity Constraints

Late payments from user departments are a source of cash flow constraints for PALAMA's Training Trading Account. The average debtor's days remain at 186 days over the 2010/11 financial year. In an effort to improve the payments recovery-rate, PALAMA is implementing a new system for proactive invoicing and collection. This system has been implemented only from the last quarter of the financial year. Positive results will show only in the following financial year.

The number of employees (including 37 persons appointed on fixed-term contracts additional to the establishment) increased by 8% from 172 to 187. The vacancy rate of funded posts was 15.3% (and 29% when vacant, unfunded posts are included) during this financial year. Despite this increase, the vacancy rate (calculation includes vacant, unfunded posts) remains constant at 29%. However, the turnover rate for the reporting period decreased from 12% to 8% after the exit of 14 persons from PALAMA.

3.2.4. Utilisation of Donor Funds

Country/Donor	Programme and objectives	Progress/Status of the project 2010/11
Canadian International Development Agency (CIDA)	<p>Project title: Gender Mainstreaming Programme</p> <p>Period: November 2006 to May 2011</p> <p>Budget: CAD 3.84 million</p> <p>Project objective: To improve gender equality in the public service in line with section 9.1 to 9.4 of the Bill of Rights in the South African Constitution and to have government service be more responsive to the needs of women and men.</p>	<ul style="list-style-type: none"> • The programme has been revised. • Ninety-two gender mainstreaming training sessions were conducted by the end of March 2011. • To date, 514 learners have submitted learning portfolios of which 432 have gone through the assessment, moderation and verification process and 329 (64%) declared 'competent'. • An on-line programme that provides follow-up support for learners is on-going in the form of a virtual discussion forum. Guidelines for rolling out inclusive training programmes have been developed. • An integrated gender strategy and action plan was developed for PALAMA. • Selected PALAMA courses and policies were engendered for gender-responsiveness and inclusivity.
The Royal Netherlands Embassy (RNE)	<p>Project title: Local Government Capacity Building</p> <p>Project period: 01 April 2007 to 31 May 2010 and extended to June 2011</p> <p>Budget: R2.398 million</p> <p>Project objective: To equip municipal managers with core management skills for improved service delivery and better utilisation of resources</p>	<ul style="list-style-type: none"> • The contribution agreement with the RNE was extended for one year to the end of June 2011. • Learning materials have been developed for the Foundation Management Development Programme for Local Government (FMDPLG) and approved by PSETA. • Training for FMDPLG started and six training sessions were held by November 2010. • Learning materials for Advanced and Emerging Management Development Programmes for Local Government (EMDPLG & AMDPLG) were finalised and recognised by UWC for certification to participants who successfully complete training. • EMDPLG and AMDPLG started in three district municipalities and the programme is ready for pilot training which will be completed with six sessions to be held by June 2011.

Country/Donor	Programme and objectives	Progress/Status of the project 2010/11
<p>Canadian International Development Agency (CIDA)</p>	<p>Project title: Public Sector Training and Development in Post-Conflict Countries</p> <p>Project period: Financial years 2008 to 2013 (five-year period)</p> <p>Budget: CAD 10.5 million</p> <p>Project objective: To improve the management and leadership capability of the public service</p>	<ul style="list-style-type: none"> • Innovative learning cycle for institutional strengthening and capacity building in post-conflict countries was developed and approved by partner countries in East Africa for implementation. • A baseline and training needs analysis has been completed. • A logic model and performance measurement framework (PMF) has been developed and ratified. • Annual reporting (and quarterly financial reporting) is done against performance indicators on the PMF. • Monitoring and evaluation (M&E) workshops have been conducted. • Institutional strengthening started with approval of ToRs sent by MDIs for strategic planning and systems development. Gender advocacy and uptake of female participants on courses on the RCB project received special attention. • Procurement and financial modalities training have been conducted for MDIs aimed at improving their ability to utilise funding better. • Collaboration projects and regional networking sessions supported by Project Steering Meetings have been held, a virtual forum has been established, and staff appointed in the Kigali Regional Office. • MDI capacity developed through the Lead Trainer Development Programme (LTDP) has been implemented and the following training has been covered: Block 1 Training of Trainers; Block 2 Mentorship and Coaching; Block 3 Gender Mainstreaming. • The process for the development of a curriculum for the Integrated Management Development Programme has been established.
<p>Department of Foreign Affairs</p>	<p>Project title: African Renaissance Fund (ARF) for Capacity Building in the DRC</p> <p>Project period: February 2007 to December 2009</p> <p>Budget: ARF available is R23 million</p> <p>Project objective: To support the DRC in the establishment of the DRC National School for Public Administration (ENA)</p>	<ul style="list-style-type: none"> • The capacity building project in the DRC is about to be concluded. • The outstanding issue is the refurbishment of the ENA building in Kinshasa. • Consultations are taking place to divert expenditure from the refurbishment of the building to capacity building.

Country/Donor	Programme and objectives	Progress/Status of the project 2010/11
<p>Japan International Cooperation Agency (JICA)</p>	<p>Project title: Training-of-Trainers Programme for Capacity Building of Management Development Institutes in Africa</p> <p>Project period: 2006-2010</p> <p>Budget: No monetary allocation committed</p> <p>Project objective: To provide the Training-of-Trainers Programme for at least 200 trainers from regions of the African continent</p>	<ul style="list-style-type: none"> The project has now been concluded. The last AMDIN training session was held from 22 November to 3 December 2010. 35 participants from nine African countries attended the training.
<p>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</p>	<p>Project title: Public Sector Reform Programme (PSRP) Monitoring and Evaluation (M&E)</p> <p>Project period: April 2005 to 31 March 2009; Extended to 31 December 2011.</p> <p>Budget: €291 667 in cash</p> <p>Project objective: To strengthen the capacities of the public service of South Africa to monitor and evaluate its performance against set targets</p>	<ul style="list-style-type: none"> The project was extended to 31 December 2011. The Programme for M&E practitioners consisting of seven courses has been reviewed in collaboration with the Department of Performance Monitoring and Evaluation in The Presidency. Upgrade of these courses is planned for the new financial year. The Introduction to M&E courses has been upgraded in line with the outcomes-based approach to performance M&E. This programme will be piloted in June/ July 2011. Training of trainers for all M&E programmes is planned for May 2011.
<p>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</p>	<p>Project title: Massified Induction Programme (MIP), now Public Service Induction (PSI)</p> <p>Project period: 01 April 2009 to 31 March 2010, project extended to the 2010/11 financial year</p> <p>Budget: R378 220³</p> <p>Project objective: To provide a two-day PSI programme targeting new incumbents joining the public service on a yearly basis</p>	<ul style="list-style-type: none"> Ten refresher courses were conducted and facilitated by the Education Training Unit (ETU). GIZ funded the facilitation of these sessions as part of the material review contract. Four pilot learning networks for PSI trainers were conducted as follows: Free State (23 March 2011), Mpumalanga (25 March 2011), Gauteng (28 March 2011) and Kokstad (31 March 2011). GIZ funded the facilitation of these pilots.
<p>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</p>	<p>Project title: Inter-Government Training and Development Stakeholder Workshops (Provincial Stakeholder Workshops)</p> <p>Budget: R343 764</p> <p>Project period: 01 April 2009 to 31 March 2010, project extended to the 2010/11 financial year</p>	<ul style="list-style-type: none"> Three IGW sessions were conducted for the 2010/11 period (the 9th IGW hosted by PALAMA was held in February 2010). The 10th IGW hosted by Northern Cape was held at Big Hole Protea Hotel on 29-30 July 2010. The 11th IGW hosted by PALAMA was held at Centurion Lake Hotel on 7-8 December 2010. The 12th IGW hosted by Western Cape was held at the Lagoon Beach Hotel on 18-19 March 2011.

3 This amount is separate from the utilisation of R2,8 million for training of new public servants, from the total ring-fenced amount of R28 million for the roll-out of the PSI.

Country/Donor	Programme and objectives	Progress/Status of the project 2010/11
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	<p>Project title: Disability Management for the Public Service</p> <p>Project period: 01 November 2009 – 31 May 2010</p> <p>Budget: R203 000 in-kind</p> <p>Project objective: Design and develop a course on the Public Service Job ACCESS Strategic Framework, Guidelines and Plan for the selection, appointment and retention of persons with disabilities in the public service</p>	<ul style="list-style-type: none"> • Catering, printing of learning materials (focus group, pilot training and trainer workshops), travel for focus groups, language editing and engendering as well as ETQA fees (for 1 500 learners). • The course is completed and programme approval granted. • The project was completed on 31 March 2011 and the project report forwarded to GIZ.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	<p>Project title: Training-of-Trainers course for the Public Service</p> <p>Project period: 25 January 2010 – 30 April 2010. Please note that project will only commence on 01 April 2010</p> <p>Budget: R111 000 (of which R72 000 are funds in-kind) PALAMA contribution: R39 000</p> <p>Project objective: To develop a course for public service trainers</p>	<ul style="list-style-type: none"> • Draft 5 of learning materials has been developed and ready to be submitted to the ETDP ETQA. • Although the contract expired on 31 March 2011, a five- month extension was granted (01 April – 31 August 2011).
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	<p>Project title: Evaluation of the Executive Development Programme</p> <p>Project period: 16 March 2010 to 16 April 2010</p> <p>Budget: R1 million in cash</p> <p>Project purpose: To strengthen the capacity of the public service in South Africa, in particular senior management, by evaluating the Executive Development Programme</p>	<ul style="list-style-type: none"> • The project was approved in March 2010. • A service provider to conduct the evaluation has been contracted. • Data were collected and initial reports finalised. • The management plan was reworked to reflect PALAMA's new direction. • Tools for the summative evaluation were developed. • Data gathering will commence in July 2011.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	<p>Project title: Redevelopment of Financial Management Courses</p> <p>Project period: March 2010 to June 2011</p> <p>Budget: R1.6 million in cash</p> <p>Project Purpose: Re-develop the financial management courses in line with the PFMA</p>	<ul style="list-style-type: none"> • Letter of commitment received. • Budget and ToR drafted for a financial agreement. • Project Steering Committee formed and first meeting held. Projected timeframe for commencement of the project activities is June 2011. • Service providers have been contracted for roll-out of four courses. GIZ is considering extension of the project.

Country/Donor	Programme and objectives	Progress/Status of the project 2010/11
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Project title: CAT Project period: 2010-2011 Budget: R190 025 in-kind Project objective: Supply change management training	<ul style="list-style-type: none"> Received the draft learner, facilitator and assessor guides, which will go through an internal PALAMA quality assurance review process. ETQA approval and readiness for delivery expected by 01 September 2011.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Project title: Expert Training Project period: 2010-2011 Budget: R119 500 in-kind Project objective: Develop a training course on Deception & Combating of Bid Rigging in the private sector	<ul style="list-style-type: none"> The learning materials have been approved through the internal PALAMA quality assurance processes. Learning materials are currently undergoing language editing, graphic design and are in preparation for delivery from 01 July 2011.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Project title: Commerce Edge SA Project period: 2010-2011 Budget: R183 000 in-kind Project objective: Develop a training course on Strategic Sourcing	<ul style="list-style-type: none"> Received the first drafts of course materials; the complete set of materials for all three courses is expected by the end of May 2011. ETQA approval of programmes and delivery expected by 01 September 2011.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Project title: University of Fort Hare Project period: 2010-2011 Budget: R180 420 in-kind Project objective: Develop a training course on Budget Formulation in the Public Service	<ul style="list-style-type: none"> Reviewed and provided feedback on the first draft of the learning materials, and expect the second draft by the end of May 2011. Final ETQA approval and delivery expected by 01 September 2011.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Project title: Inter-Governmental Workshop Project period: 2010-2011 Budget: R26 550 in-kind Project objective: Preparation and facilitation of the 9th Intergovernmental Training workshop	<ul style="list-style-type: none"> Four IGW sessions were conducted for the 2010/11 period: The 9th IGW hosted by PALAMA and held at Leriba Lodge on 25-26 February 2010. The 10th IGW hosted by Northern Cape and held at Big Hole Protea Hotel on 29-30 July 2010. The 11th IGW hosted by PALAMA, held at Centurion Lake Hotel on 7-8 December 2010. The 12th IGW hosted by Western Cape and held at the Lagoon Beach Hotel on 18-19 March 2011.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Project title: Corporate College International Project period: 2010-2011 Budget: R63 200 in-kind Project objective: Development of a Training-of-Trainers course for the public service	<ul style="list-style-type: none"> Learning materials are currently available for submission to the EDTP ETQA for programme approval. PALAMA's in-kind contribution amount confirmed.

Country/Donor	Programme and objectives	Progress/Status of the project 2010/11
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	<p>Project title: Education and Training Unit</p> <p>Project period: 2010-2011</p> <p>Budget: R189 000 in-kind</p> <p>Project objective: Review and updating of PSI materials</p>	<ul style="list-style-type: none"> The review of the PSI materials was conducted in November 2009 and the updated materials were completed and handed over to PALAMA in June 2010.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	<p>Project title: Facilitation at the Learning Network sessions</p> <p>Period: Jan – March 2011</p> <p>Budget: Expenditure (GIZ in kind)</p> <p>Purpose: Preparation, facilitation and accommodation for Ms Zarina Khan</p>	<ul style="list-style-type: none"> Four sessions of Trainers Learning Networks were conducted for Free State, Northern Cape and North West (held at Bloemfontein Protea Hotel), Mpumalanga and Limpopo (held at Greenway Woods), Eastern Cape and KZN (held at Catholic Hall in Kokstad), Gauteng and national departments (held at Premier Hotel at OR Tambo).

3.2.5 Trading Entities and Public Entities

3.2.5.1 General review of affairs for the PALAMA Training Trading Account

The department submits separate Financial Statements for the PALAMA Training Trading Account (TTA), a trading entity established in terms of the Public Finance Management Act (PFMA), Act No. 1 of 1999, as amended by Act 29 of 1999. The statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP).

To achieve full compliance with accrual accounting requirements, the prescribed financial accounting system of the trading entity is supplemented by additional manual procedures.

3.2.5.2 Spending trends

Total revenue (including the transfer of funds from the Vote appropriation) decreased by R10.7 million from R158.0 million (2009/10) to R147.3 million (2010/11), a decrease of 6.8%. Income from course fees declined by 14.3%, or R14.4 million, from R100.5 million (2009/10) to R86.1 million (2010/11) due to low uptake on training interventions. The transfer funds from Vote increased by R3.6 million, from R57.5 million in 2009/10 to R61.1 million in 2010/11.

During this financial year 2007/08, R28 million was transferred as part of the transfer funds from the Vote to use for Massified Induction Programme (MIP) training (The programme is currently referred to as PSI following its review and renaming in the last quarter of the 2009/10 financial year). The programme is being rolled-out successfully and the costs incurred for the current financial year is R2.8 million, whereas R4.7 million was spent in 2009/10 financial year.

Total expenditure in the TTA decreased by R19.8 million, from R170.6 million (2009/10 restated) to R150.8 million (2010/11), representing a decrease of 11.6%. The decrease is mainly attributable to the following:

- Operating expenses decreased by R23.7 million, from R102.4 million (2009/10 restated) to R78.7 million. This is mainly due to the decrease in training activities and correlating decrease in expenditure on outsourced training partner organisations and related costs.

- Compensation of employees increased by 10.1%, from R49.5 million (2009/10 restated) to R54.5 million (2010/11). The average number of employees increased from 121 to 123.

The TTA closed the year with a surplus of R1.9 million (deficit of R3.4 million in 2009/10 restated).

3.2.6 Organisations to whom Transfer Payments have been made

Vote 11(a) makes transfer payments to the Training Trading Account as an augmentation of this account. The transfer for 2010/11 amounts to R61.1 million.

3.2.7 Public-Private Partnerships (PPPs)

PALAMA did not enter into any public-private partnerships during the 2010/11 financial year.

3.2.8 Corporate Governance Arrangements

3.2.8.1 Risk management

During the period under review, PALAMA reviewed and updated its strategic risk register, aligning it to the 2010/11 strategic plan and business plan of the Academy. This process was facilitated by Internal Audit and guided by the management of PALAMA. The outcome has been the revised risk register for PALAMA with control actions for implementation over 2010/11. Informed by inputs from the risk assessment workshops, critical areas were identified for consideration in the 2010/11 annual audit plan. All these have been approved and implemented with guidance from PALAMA's Audit Committee and Risk Committee.

Overall, the Risk Management Committee's activities for the year included the following:

- Reviewing the Risk Management Plan and the Risk Committee Charter;
- Reporting to the Audit Committee on risk findings and activities relating to the implementation of the Risk Management Plan;
- Considering the risk management reports arising from the risk review workshops;
- Continuous monitoring and identification of solutions for operational and strategic risks facing the organisation.

The Risk Management Committee held three meetings during the year to ensure that risks identified were addressed appropriately; the fourth meeting was in workshops mode to look at the risk control action plans.

3.2.8.2 Internal audit function

PALAMA has outsourced its internal audit function to KPMG. The outsource contract has been extended from 01 April 2010 to 30 June 2012. PALAMA's aim is to gradually build internal audit capacity, a factor that will be considered when entering in the new internal audit outsource contract.

The Audit Committee approved the Internal Audit Operational Plan for the 2010/11 financial year. The plan is a balance between risk management and compliance and is developed taking into account the following factors:

- PALAMA's risk profile;
- Discussions with the Director-General of PALAMA and the Deputy Director-General for Governance and Strategic Support;

- Inputs from the Risk Management Committee members of PALAMA and the Executive Management Committee of PALAMA;
- Audit Committee requirements.

Based on engagements with all the above, the following internal audits were conducted as part of the 2010/11 financial year audit plan, combining high-risk areas and areas where management seek to tighten controls:

- Asset management;
- Debtors management;
- Donor funds management;
- Performance reporting information management;
- Contract management of follow-up audit;
- Follow-up audit on the action implementation on the 2009/10 Auditor-General's management letter.

In the previous financial year, both the Vote and the PALAMA Training Trading Account received unqualified audit reports. All findings raised in the management letters received from the Auditor-General and internal audit findings made in the previous financial year have been addressed fully in this financial year:

3.2.8.3 Fraud prevention

PALAMA has a zero-tolerance policy and practice against fraud. A fraud policy and prevention plan, which also covers an action response framework for combating, identification and handling of fraud-related reports and investigations, is a departmental document to inform and guide all PALAMA employees on how to react to suspected fraud.

The fraud policy and prevention plan is reviewed and updated informed by the changing content of PALAMA's business environment and business approaches and to ensure alignment with the National Treasury and minimum anti-corruption capacity requirement guidelines developed for government departments.

These Minimum Anti-corruption Capacity (MACC) requirements are communicated in a publication of the Anti-corruption Co-ordinating Committee (ACCC), as well as in the 2006 DPSA publication namely Anti-corruption Capacity Requirements - Guidelines for implementing the Minimum Anti-corruption Capacity Requirements in the Public Service.

In 2009 PALAMA participated in the audit focusing on departments' anti-corruption capacity led by the DPSA through Ethics South Africa and which was completed in 2010. The purpose of this audit was to determine all national and provincial departments' compliance with the MACC requirements, and to identify any shortcomings and challenges regarding implementation. While PALAMA received an above-average rating assessment in this audit, the findings and recommendations made in relation to provisions to meet key requirements and to maintain high standards in fraud awareness, prevention, combating and investigations have assisted PALAMA in developing a framework to improve anti-corruption initiatives within the department.

PALAMA will build staff awareness on its strategic fraud risk areas and provide guidance on how to respond on suspicion of, or when one has evidence of fraudulent activities. This is central to fraud management activities in addition to the management of strategic risk review activities. In this regard, PALAMA's fraud management strategy includes workshops on the fraud prevention and fraud risk identification.

3.2.8.4 Audit committee function

PALAMA's Audit Committee was appointed in terms of Sections 76 and 77 of the Public Finance Management Act. An Audit Committee Charter setting out the purpose, authority and responsibilities of the Audit Committee guides the activities of the Committee.

The Committee consists of four non-executive members (including the Chairperson.) The Director-General of PALAMA is an executive member of the Audit Committee and also serves as the Chairperson of the Risk Management Committee as well as Chairperson of the Executive Management Committee of PALAMA. The Audit Committee carried out its duties and responsibilities in accordance with both the PFMA, and the National Treasury regulations. Non-executive members of the Audit Committee are compensated in line with annual tariffs determined by the South African Institute of Chartered Accountants (SAICA) in consultation with the Auditor-General.

Five Audit Committee meetings were held in the course of the financial year under review. The separate Report of the Audit Committee provides additional information on the status of PALAMA's Audit Committee programme and its considerations. The Report of the Audit Committee is on page 79 of the annual report

3.2.8.5 Safety, health and environment issues facing the organisation

The Safety, Health, Environment and Risk Programme was implemented during the financial year. The Director-General has been appointed formally in terms of Section 16.1 of the Occupational Health and Safety Act, No. 85 of 1993. The relevant delegations required in terms of the Act have also been made. The programme includes a safety plan, policy, administrative and operational requirements relating to the establishment of the Occupational Health and Safety Committee, and emergency procedures relating to evacuation, bomb threats, and any emergencies. The programme is being implemented. Safety, health and risk audits were conducted during the period under review.

3.2.8.6 Executive Management Function

The Executive Management Committee consists of all Branch Heads of PALAMA and is chaired by the Director-General. The Director: Legal and Contracts Management is a co-opted participant in the Committee. The Committee meets on a bi-weekly basis to monitor progress on projects and to discuss other strategic proposals on various issues affecting the Academy. At times, the meetings of the Executive Management Committee are replaced by workshops where more time is allocated to engaging on key specific issues.

3.2.9 Discontinued Activities

No activities were discontinued during the year under review.

3.2.10 New/Proposed Activities

No new activities were started or proposed during the year under review.

3.2.11 Asset Management

All official assets have been captured in the asset register and the register complies with the minimum requirements as set by National Treasury. In order to strengthen asset management and minimise the risk of loss of assets, quarterly asset verifications are conducted and reports presented to the Executive Management Committee.

3.2.12 Inventory

The inventories on hand, based on the weighted average-costing method, was R0.2 million (2009/10: R0.2 million) as at 31 March 2011. Inventory consists mainly of stationery and printing supplies and maintenance materials.

3.2.13 Events after the Reporting Date

PALAMA is not aware of any events subsequent to the year-end which might require adjustment of the stated figures.

3.2.14 Performance Information

PALAMA has adopted a policy on planning, monitoring and reporting which clearly articulates the processes for the strategic cycle. These are all aligned and include:

- Strategic planning;
- Budgeting linked to strategic planning processes;
- Annual business planning;
- A budget in-year monitoring process linked to business plan activity implementation;
- Quarterly reporting;
- Operational planning;
- Performance management, development and monitoring, linked to the strategic plan;
- A mid-term performance review and updating of the strategic plan; and
- Annual reporting.

The reporting process is managed by the Office of the Director-General supported by the Governance and Strategic Support Branch with all Branch Heads having to report in the prescribed formats. Analysis of performance is conducted quarterly and gathering of the evidence portfolio for reported performance takes place in semester intervals.

3.2.15 SCOPA Resolutions

There were no SCOPA resolutions for the 2010/11 financial year.

3.2.16 Approval

The Annual Financial Statements of Vote 11(a), set out on pages 99 to 136 and the Annual Financial Statements of the Training Trading Account, set out on pages 141 to 172 have been approved by the Accounting Officer.



Prof. LS Mollo
Accounting Officer

Date: 31 July 2011

3.3 Report of the Auditor-General to Parliament on Vote No. 11(a): The Public Administration Leadership and Management Academy

Report on the Financial Statements

Introduction

1. I have audited the accompanying financial statements of the Public Administration Leadership and Management Academy (PALAMA Vote), which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, and the Accounting Officer's report, as set out on pages 81 to 129.

Accounting Officer's responsibility for the financial statements

2. The Accounting Officer is responsible for the preparation of these financial statements in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act, 2009 (Act No. 12 of 2009) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 40(2) of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the PALAMA Vote as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the PFMA and DoRA.

Additional matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Financial reporting framework

9. The financial reporting framework prescribed by the National Treasury and applied by the PALAMA Vote is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the PALAMA Vote.

Report on Other Legal and Regulatory Requirements

10. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 21 to 77 and material non-compliance with laws and regulations applicable to the department.

Predetermined objectives

11. There were no material findings on the annual performance report concerning the presentation, usefulness and reliability of the information.

Compliance with laws and regulations

Annual financial statements, performance and annual report

12. The Accounting Officer submit financial statements for auditing that were not prepared in all material aspects in accordance with generally recognised accounting practice (and supported by full and proper records) as required by section 40(1)(a) and (b) of the PFMA. The material misstatements identified by the AGSA with regard to key management personnel and lease commitments were subsequently corrected.

Procurement and contract management

13. One employee performed remunerative work outside his/her employment in the department without written permission from the relevant authority as per the requirements of section 30 of the Public Service Act.

Expenditure management

14. The Accounting Officer did not take effective steps to prevent irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The accounting officer has investigated these instances of irregular expenditure and appropriate actions have been taken in this regard.

15. The Accounting Officer did not take effective steps to prevent fruitless and wasteful expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The accounting officer has investigated these instances of fruitless and wasteful expenditure and appropriate actions have been taken in this regard.

Internal Control

16. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

17. The review of the financial statements by leadership of PALAMA Vote failed to identify the material misstatements in the financial statements prior to the submission thereof for audit purposes.

Financial and performance management

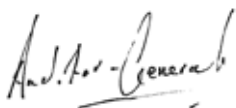
18. Non-compliance with laws and regulations could have been prevented had compliance with laws and regulations been adequately monitored and reviewed.

Other Reports

Investigations

19. An investigation was conducted by an independent consulting firm on request of the entity. The investigation was initiated based on the allegation of possible misappropriation by employees of funds. The investigation resulted in criminal proceedings being instituted against the relevant employees as well as a disciplinary hearing for the employees not directly involved in the misappropriation of funds.

20. During the period an investigation was undertaken to investigate transactions where possible irregular expenditure could have been incurred by PALAMA where approvals of payments were backdated. The investigation concluded that no irregular expenditure was incurred but that internal policies and procedures were not followed and as a result appropriate disciplinary action will be taken against the respective employees.



Pretoria

29 July 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Appropriation Statement

Appropriation per programme									
APPROPRIATION STATEMENT	2010/11					2009/10			
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	60,354	(235)	(4,980)	55,139	52,202	2,937	94,7%	57,389	57,387
Transfers and subsidies	-	12	-	12	12	-	100,0%	9	9
Payment for capital assets	1,891	195	-	2,086	2,086	-	100,0%	5,938	5,938
Payment for financial assets	-	28	-	28	39	(11)	139,3%	234	234
2. Public Sector Organisational and Staff Development									
Transfers and subsidies	56,169	-	4,980	61,149	61,149	-	100,0%	57,545	57,545
TOTAL	118,414	-	-	118,414	115,488	2,926	97,5%	121,115	121,113
Reconciliation with Statement of Financial Performance									
ADD:									
Departmental receipts				580				313	
Aid assistance				25,402				21,509	
Actual amounts per Statement of Financial Performance (total revenue)				144,396				142,937	
ADD: Aid assistance									26,779
Actual amounts per Statement of Financial Performance (total expenditure)				129,844					147,892

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Appropriation Statement

Appropriation per economic classification									
2010/11									
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	24,400	(12)	(340)	24,048	21,123	2,925	87.8%	18,257	18,255
Goods and services	35,954	(255)	(4,640)	31,059	31,047	12	100.0%	39,073	39,073
Interest and rent on land	-	32	-	32	32	-	100.0%	59	59
Transfers and subsidies									
Departmental agencies and accounts	56,169	-	4,980	61,149	61,149	-	100.0%	57,545	57,545
Households	-	12	-	12	12	-	100.0%	9	9
Payments for capital assets									
Machinery and equipment	1,829	40	-	1,869	1,869	-	100.0%	5,194	5,194
Software and other intangible assets	62	155	-	217	217	-	100.0%	744	744
Payments for financial assets									
	-	28	-	28	39	(11)	139.3%	234	234
Total	118,414	-	-	118,414	115,488	2,926	97.5%	121,115	121,113

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Appropriation Statement

Programme per sub-programme	Detail per Programme I – Administration							2009/10	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
I.1 Management									
Current payment	11,041	(2,280)	(4,222)	4,539	3,897	642	85.9%	9,908	9,906
Payment for capital assets	-	-	-	-	-	-	-	7	7
I.2 Corporate Services									
Current payment	48,829	(2,295)	(758)	45,776	43,481	2,295	95.0%	43,581	43,581
Transfers and subsidies	-	12	-	12	12	-	100.0%	9	9
Payment for capital assets	1,891	195	-	2,086	2,086	-	100.0%	5,931	5,931
Payment for financial assets	-	28	-	28	39	(11)	139.3%	234	234
I.3 Property Management									
Current payment	484	4,340	-	4,824	4,824	-	100.0%	3,900	3,900
Total	62,245	-	(4,980)	57,265	54,339	2,926	94.9%	63,570	63,568

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Appropriation Statement

Detail per Programme I – Administration									
2010/11					2009/10				
Economic classification	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	24,400	(12)	(340)	24,048	21,123	2,925	87.8%	18,257	18,255
Goods and services	35,954	(255)	(4,640)	31,059	31,047	12	100.0%	39,073	39,073
Interest and rent on land	-	32	-	32	32	-	100.0%	59	59
Transfers and subsidies to:									
Households	-	12	-	12	12	-	100.0%	9	9
Payment for capital assets									
Machinery and equipment	1,829	40	-	1,869	1,869	-	100.0%	5,194	5,194
Software and other intangible assets	62	155	-	217	217	-	100.0%	744	744
Payments for financial assets									
	-	28	-	28	39	(11)	139.3%	234	234
Total	62,245	-	(4,980)	57,265	54,339	2,926	94.9%	63,570	63,568

Appropriation Statement

Detail per Programme 2 – Public Sector Organisational and Staff Development									
Programme per sub-programme	2010/11					2009/10			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
2.1 Augmentation to the Training Trading Account									
Transfers and subsidies	56,169	-	4,980	61,149	61,149	-	100.0%	57,545	57,545
Total	56,169	-	4,980	61,149	61,149	-	100.0%	57,545	57,545

Detail per Programme 2 – Public Sector Organisational and Staff Development									
Economic Classification	2010/11					2009/10			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Transfers and subsidies to: Departmental agencies & accounts	56,169	-	4,980	61,149	61,149	-	100.0%	57,545	57,545
Total	56,169	-	4,980	61,149	61,149	-	100.0%	57,545	57,545

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Notes to the Appropriation Statement

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 8 (Transfers and subsidies), Annexure IA and Annexure IB to the Annual Financial Statements.

2. Detail of specifically and exclusively-appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note I (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in note 7 (Payments for financial assets) to the Annual Financial Statements.

4. Explanations of material variances from amounts voted (after Virement):

4.1 Per programme

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation
Administration	57,265	54,339	2,926	5.0%
Public Sector Organisational and Staff Development	61,149	61,149	-	0.0%
Total	118,414	115,488	2,926	2.5%

The variance relates to posts that were not filled in the 2010/11 financial year

4.2 Per economic classification

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation
Current payments				
Compensation of employees	24,048	21,123	2,925	12.0%
Goods and services	31,059	31,047	12	0.0%
Interest and rent on land	32	32	-	0.0%
Transfers and subsidies				
Departmental agencies and accounts	61,149	61,149	-	0.0%
Households	12	12	-	0.0%
Payments for capital assets				
Machinery and equipment	1,869	1,869	-	0.0%
Software and other intangible assets	217	217	-	0.0%
Payments for financial assets	28	39	(11)	39.0%
Total	118,414	115,488	2,926	2.5%

Statement of Financial Performance

	Note	2010/11 R'000	2009/10 R'000
REVENUE			
Annual appropriation	1	118,414	121,115
Departmental revenue	2	580	313
Aid assistance	3	25,402	21,509
TOTAL REVENUE		144,396	142,937
EXPENDITURE			
Current expenditure			
Compensation of employees	4	21,123	18,255
Goods and services	5	31,047	39,073
Interest and rent on land	6	32	59
Aid assistance	3	14,356	26,779
Total current expenditure		66,558	84,166
Transfers and subsidies			
Transfers and subsidies	8	61,161	57,554
Expenditure for capital assets			
Tangible capital assets		1,869	5,194
Software and other intangible assets		217	744
Total expenditure for capital assets	9	2,086	5,938
Payments for financial assets	7	39	234
TOTAL EXPENDITURE		129,844	147,892
SURPLUS/(DEFICIT) FOR THE YEAR		14,552	(4,955)
Reconciliation of net surplus/(deficit) for the year			
Voted funds		2,926	2
Departmental revenue and NRF receipts	14	580	313
Aid assistance	3	11,046	(5,270)
SURPLUS/(DEFICIT) FOR THE YEAR		14,552	(4,955)

PUBLIC ADMINISTRATION LEADERSHIP AND MANAGEMENT ACADEMY (PALAMA)
 3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Statement of Financial Position

	Note	2010/11 R'000	2009/10 R'000
ASSETS			
Current assets			
Cash and cash equivalents	10	8,318	7,794
Prepayments and advances	11	169	197
Receivables	12	17,307	3,469
Aid assistance receivable	3	-	4,242
TOTAL ASSETS		25,794	15,702
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	13	2,926	2
Departmental revenue to be surrendered to the Revenue Fund	14	408	15
Payables	15	126	155
Aid assistance unutilised	3	10,000	15,530
Aid assistance repayable	3	12,334	-
TOTAL LIABILITIES		25,794	15,702

Cash Flow Statement

	Note	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		144,396	142,937
Annual appropriated funds received	1	118,414	121,115
Departmental revenue received	2	580	313
Aid assistance received	3	25,402	21,509
Net (increase)/decrease in working capital		(13,839)	5,096
Surrendered to Revenue Fund		(189)	(461)
Current payments		(66,558)	(84,166)
Payments for financial assets		(39)	(234)
Transfers and subsidies paid		(61,161)	(57,554)
Net cash flow available from operating activities	16	2,610	5,618
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(2,086)	(5,938)
Net cash flows from investing activities		(2,086)	(5,938)
Net increase/(decrease) in cash and cash equivalents		524	(320)
Cash and cash equivalents at beginning of period		7,794	8,114
Cash and cash equivalents at end of period	17	8,318	7,794

Accounting Policies

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. When cash is received or paid, it is recognised under the cash basis of accounting transactions and other events.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated, all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior-period comparative information has been presented in the current year's Financial Statements. Where necessary, figures included in the prior-period Financial Statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprise departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Accounting Policies

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

2.2 Departmental revenue

All departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the Statement of Financial Position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are, however disclosed in the disclosure note to the Annual Financial Statements.

2.3 Direct exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the Statement of Financial Position.

2.4 Direct exchequer payments

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Aids assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year). The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately-expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

Accounting Policies

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA-earmarked projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

Inappropriately-expensed amounts using CARA funds are recognised as payables in the Statement of Financial Position. Any unutilised amounts are transferred to retained funds as these are not surrendered to the revenue fund.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements at its face value and are not recognised in the Statement of Financial Performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the Statement of Financial Performance.

3.1.2 Social contributions

Employer contributions to post-employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the Financial Statements of the department. Any potential liabilities are disclosed in the Financial Statements of the National Revenue Fund and not in the Financial Statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Accounting Policies

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written-off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the Financial Statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

Confirmed unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written-off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is derecognised from the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding, it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable, it is treated as an asset until it is recovered from the responsible person or written-off as irrecoverable in the Statement of Financial Performance.

Accounting Policies

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until it is recovered or written-off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term, highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

Accounting Policies

4.6 Loans

Loans are recognised in the Statement of Financial Position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must initially be reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. The cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where the fair value cannot be determined, the capital asset is included in the asset register at RI.

All assets acquired prior to 01 April 2002 are included in the register.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance are expensed as current "goods and services" in the Statement of Financial Performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. The cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at RI unless the fair value for the asset has been estimated reliably.

Accounting Policies

Subsequent recognition

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance are expensed as current “goods and services” in the Statement of Financial Performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the Financial Statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable, but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the Financial Statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

Accounting Policies

5.7 Lease commitments

Finance leases

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the Financial Statements.

Operating lease

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the Financial Statements.

5.8 Impairment and other provisions

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows/service potentially flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for Departmental Revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the Annual Financial Statements.

7. Net assets

7.1 Capitalisation reserve

The capitalisation reserve comprises financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/ Provincial Revenue Fund when the underlining asset is disposed and the related funds are received.

Accounting Policies

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered, or are transferred to the Statement of Financial Performance when written-off.

8. Related party transactions

Specific information with regard to related party transactions is included in the disclosure notes.

9. Key management personnel

Compensation paid to key management personnel, including their family members where relevant, is included in the disclosure notes.

10. Public-private partnerships (PPP)

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement are included in the disclosure notes.

Notes to the Annual Financial Statements - Annexure I(a)

1. Annual appropriation

1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2010/11		2009/10	
	Final appropriation R'000	Actual funds received R'000	Funds not requested/ not received R'000	Appropriation received R'000
Administration	57,265	62,245	(4,980)	63,570
Organisational and Staff Development	61,149	56,169	4,980	57,545
Total	118,414	118,414	-	121,115

2. Departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets	2.1	66	67
Interest, dividends and rent on land	2.2	17	-
Transactions in financial assets and liabilities	2.3	497	246
Total revenue collected		580	313
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		580	313

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department			
Sales by market establishment - parking		48	42
Other sales - commission		18	25
Total		66	67

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

	2010/11 R'000	2009/10 R'000
2.2 Interest, dividends and rent on land		
Interest on debt	17	-
Total	17	-
2.3 Transactions in financial assets and liabilities		
Receipts-recoverable revenue of previous year expenditure	497	246
Total	497	246
3. Aid assistance		
3.1 Aid assistance received in cash from RDP		
Foreign		
Opening balance	989	1,734
Revenue	25,402	21,509
Current expenditure	(14,057)	(22,254)
Closing balance	12,334	989
3.2 Aid assistance received in cash from other sources		
Opening balance	10,299	14,824
Current expenditure	(299)	(4,525)
Closing balance	10,000	10,299
3.3 Total assistance		
Opening balance	11,288	16,558
Revenue	25,402	21,509
Current expenditure	(14,356)	(26,779)
Closing balance	22,334	11,288
3.4 Analysis of balance		
Aid assistance receivable - RDP	-	(4,242)
Aid assistance unutilised -RDP	-	5,231
Aid assistance repayable -RDP	12,334	-
Aid assistance unutilised - other sources	10,000	10,299
Closing balance	22,334	11,288

Notes to the Annual Financial Statements

	Note	2010/11 R'000	2009/10 R'000
4. Compensation of employees			
4.1 Salaries and Wages			
Basic salary		13,537	11,494
Performance award		518	299
Service based		43	290
Compensative/circumstantial		448	446
Other non-pensionable allowances		4,235	3,671
Total		18,781	16,200
4.2 Social contributions			
Employer contributions			
Pension		1,575	1,440
Medical		764	613
Bargaining council		3	2
Total		2,342	2,055
Total compensation of employees		21,123	18,255
Average number of employees		57	50
5. Goods and services			
Administrative fees **		4,856	820
Advertising		948	775
Assets less than R5 000	5.1	130	927
Bursaries (employees)		3	84
Catering		383	408
Communication		1,069	1,025
Computer services	5.2	1,722	5,613
Consultants, contractors and outsourced services	5.3	15,152	16,418
Entertainment		9	98
Audit cost – external	5.4	1,216	1,338
Inventory	5.5	1,408	2,574
Operating leases **		333	4,621
Owned and leasehold property expenditure	5.6	549	448
Travel and subsistence	5.7	2,388	2,278
Venues and facilities		466	801
Training and staff development		307	494
Other operating expenditure	5.8	108	351
Total		31,047	39,073

**Reclassification from operating lease to administrative fees

Notes to the Annual Financial Statements

	2010/11 R'000	2009/10 R'000
5.1 Assets less than R5 000		
Tangible assets - machinery and equipment	78	697
Intangible assets	52	230
Total	130	927
5.2 Computer services		
SITA computer services	1,659	1,280
External computer service providers	63	4,333
Total	1,722	5,613
5.3 Consultants, contractors and agency/outsourced services		
Business and advisory services	1,175	6,887
Legal costs	-	1,186
Contractors	255	154
Agency and support/outsourced services	13,722	8,191
Total	15,152	16,418
5.4 Audit cost – external		
Regularity audits	1,216	1,338
5.5 Inventory		
Learning and teaching support material	1	9
Food and food supplies	28	-
Other consumable materials	284	406
Maintenance material	22	251
Stationery and printing	1,072	1,907
Medical supplies	1	1
Total	1,408	2,574
5.6 Property payments		
Municipal services	326	53
Property management fees	51	-
Property maintenance and repairs	109	395
Other	63	-
Total	549	448

Notes to the Annual Financial Statements

	Note	2010/11 R'000	2009/10 R'000
5.7 Travel and subsistence			
Local		2,257	1,761
Foreign		131	517
Total		2,388	2,278
5.8 Other operating expenditure			
Professional bodies, membership and subscription fees		28	84
Resettlement costs		3	4
Other		77	263
Total		108	351
6. Interest and rent on land			
Interest on finance leases of machinery and equipment		32	59
7. Payments for financial assets			
Debt written-off; private enterprises & staff in Programme I		28	234
Material losses - Theft (Fraud identified & disciplinary measures instituted)		11	-
Total		39	234
8. Transfers and subsidies			
Departmental agencies and accounts	Annex IA	61,149	57,545
Households	Annex IB	12	9
Total		61,161	57,554
9. Expenditure for capital assets			
Tangible assets - machinery and equipment	24.2	1,869	5,194
Software and other intangible assets - computer software	25.1	217	744
Total		2,086	5,938

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

9.1 Analysis of funds utilised to acquire capital assets – 2010/11

	Note	2010/11 R'000	2009/10 R'000
Voted funds			
Tangible assets - machinery and equipment	24.2	1,869	5,194
Software and other intangible assets - computer software	25.1	217	744
Total		2,086	5,938

10. Cash and cash equivalents

Consolidated Paymaster General Account		8,286	7,762
Cash on hand		32	32
Total		8,318	7,794

11. Prepayments and advances

Staff advances		9	2
Travel and subsistence		14	49
Advances paid to other entities		146	146
Total		169	197

12. Receivables

	Note	Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000 2010/11	Total R'000 2009/10
Claims recoverable	12.1	16,749	241	168	17,158	3,404
Staff debt	12.2	9	140	-	149	65
Total		16,758	381	168	17,307	3,469

12.1 Claims recoverable

	Note	2010/11 R'000	2009/10 R'000
National departments	Annex 3	492	638
Provincial departments		177	182
Public entities		16,489	2,584
Total		17,158	3,404

Notes to the Annual Financial Statements

12.2 Staff debt

	Note	2010/11 R'000	2009/10 R'000
Loans and expenses recovered		140	65
Staff debt		6	-
MedShield medical aid		3	-
Total		149	65

13. Voted funds to be surrendered to the Revenue Fund

Opening balance		2	162
Transfer from Statement of Financial Performance		2,926	2
Paid during the year		(2)	(162)
Closing balance		2,926	2

14. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		15	1
Transfer from Statement of Financial Performance		580	313
Paid during the year		(187)	(299)
Closing balance		408	15

15. Payables – current

Amounts owing to other entities	Annex 4	126	155
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16. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance		14,552	(4,955)
Add back non-cash/cash movements not deemed operating activities		(11,942)	10,573
(Increase)/Decrease in receivables – current		(13,838)	4,314
(Increase)/Decrease in prepayments and advances		28	699
Increase/(Decrease) in payables – current		(29)	83
Expenditure on capital assets		2,086	5,938
Surrenders to Revenue Fund		(189)	(461)
Net cash flow generated by operating activities		2,610	5,618

Notes to the Annual Financial Statements

17. Reconciliation of cash and cash equivalents for cash flow purposes

	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General account	8,286	7,762
Cash on hand	32	32
Total	8,318	7,794

Disclosure notes to the Annual Financial Statements

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

18. Commitments

Current expenditure - approved and contracted	1,247	1,415
Capital expenditure - approved and contracted	23	135
Total commitments	1,270	1,550

19. Accruals

Listed by economic classification

	30 Days	Total	Total
Goods and services	1,110	1,110	1,787
Total	1,110	1,110	1,787

	2010/11 R'000	2009/10 R'000
Programme I - Administration	1,110	1,787
Confirmed balances with other government entities	126	155

20. Employee benefits

Leave entitlement	398	431
Service bonus (13th cheque)	556	491
Capped leave commitments	653	507
Total	1,607	1,429

Disclosure notes to the Annual Financial Statements

21. Lease commitments

21.1 Operating leases expenditure

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2010/11			
Not later than one year	11,779	76	11,855
Later than one year and not later than five years	7,852	30	7,882
Total lease commitments	19,631	106	19,737

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2009/10			
Not later than one year	12,780	148	12,928
Later than one year and not later than five years	23,620	106	23,726
Total lease commitments	36,400	254	36,654

21.2 Finance leases expenditure

	2010/11 R'000	2009/10 R'000
Machinery and equipment		
Not later than one year	740	1,268
Later than one year and not later than five years	-	739
Total lease commitments	740	2,007
LESS: finance costs	(17)	(109)
Total present value of lease liabilities	723	1,898

22. Related party transactions

PALAMA Vote II(a) has a related party relationship with all the public sector entities falling within the portfolio of the Minister for Public Service and Administration. During the period under review, related party transactions were entered into with the following entities.

Entity	Nature of transactions
State Information Technology Agency	Provision of IT communication services
Government Employees Medical Scheme	Provision of medical aid benefits
PALAMA Training Trading Account	Provision of training
PALAMA Training Trading Account	Administration and maintenance of records

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Disclosure notes to the Annual Financial Statements

22.1 Analysis of transactions with related parties

	2010/11	2009/10
Amount due to related parties at the beginning of the year	140	101
Value of services rendered by PALAMA	2,939	2,313
Payments for services rendered to PALAMA	(2,903)	(2,274)
Total	176	140

23. Key management personnel

	No. of individuals	2010/11 R'000	2009/10 R'000
Level 15 to 16	4	2,785	2,670
Level 14	4	*3,231	*3,255
Total		6,016	5,925

* Included is the amount of R1,037 (2009/10: R1,784) paid to Consultant acting in the CFO Position, contract ended 31 October 2010

24. Movable tangible capital assets

24.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2011

	Opening balance R'000	Current year adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	22,145	35	1,558	-	23,738
Transport assets	417	-	-	-	417
Computer equipment	15,374	-	671	-	16,045
Furniture and office equipment	5,342	35	768	-	6,145
Other machinery and equipment	1,012	-	119	-	1,131
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	22,145	35	1,558	-	23,738

3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Disclosure notes to the Annual Financial Statements

24.2 Additions to movable tangible capital assets per asset register for the year ended 31 March 2011

	Cash R'000	Finance lease payments R'000	Total R'000
MACHINERY AND EQUIPMENT	1,869	(311)	1,558
Transport assets	-	-	-
Computer equipment	671	-	671
Furniture and office equipment	768	-	768
Other machinery and equipment	430	(311)	119
TOTAL	1,869	(311)	1,558

24.3 Movement in movable tangible capital assets per asset register for the year ended 31 March 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	18,710	4,789	1,354	22,145
Transport assets	417	-	-	417
Computer equipment	12,029	4,346	1,001	15,374
Furniture and office equipment	5,333	362	353	5,342
Other machinery and equipment	931	81	-	1,012
TOTAL MOVABLE TANGIBLE ASSETS	18,710	4,789	1,354	22,145

24.4 Minor assets of the department at 31 March 2011

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	1,216	7,779	8,995
Current year adjustments to prior year balances	-	34	34
Additions	52	91	143
Disposals	-	(2)	(2)
TOTAL MINOR ASSETS	1,268	7,902	9,170

24.5 Minor assets of the department as at 31 March 2010

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Minor assets	1,216	7,779	8,995
TOTAL MINOR ASSETS	1,216	7,779	8,995

Disclosure notes to the Annual Financial Statements

25. Intangible capital assets

25.1 Movement in intangible capital assets per asset register for the year ended 31 March 2011

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	1,599	217	-	1,816
TOTAL MOVABLE TANGIBLE ASSETS	1,599	217	-	1,816

25.2 Movement in intangible capital assets per asset register for the year ended 31 March 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	957	744	(102)	1,599
TOTAL INTANGIBLE CAPITAL ASSETS	957	744	(102)	1,599

26. Irregular expenditure

26.1 Reconciliation of irregular expenditure

	2010/11 R'000	2009/10 R'000
Opening balance		
Add: Irregular expenditure – relating to prior year	-	-
Add: Irregular expenditure – relating to current year	25	-
Less: Amounts condoned	(25)	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Irregular expenditure awaiting condonation	-	-

26.2 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2010/11 R'000
Catering - no order	Director-General	11
Catering - order created after service had been rendered	Director-General	14
Total		25

Disclosure notes to the Annual Financial Statements

27. Fruitless and wasteful expenditure

27.1 Reconciliation of fruitless and wasteful expenditure

	Note	2010/11 R'000
Fruitless and wasteful expenditure - Current year		21
Less: Amounts condoned		(21)
Total		<u><u>-</u></u>

27.2 Analysis of current year's fruitless and wasteful expenditure

Incident	Written-off by (condoning Authority)	
Cancellation fee - hotel reservation	Director General	21
Total		<u><u>21</u></u>

PUBLIC ADMINISTRATION LEADERSHIP AND MANAGEMENT ACADEMY (PALAMA)
 3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Annexures to the Annual Financial Statements

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ACCOUNT	TRANSFER ALLOCATION			Total available R'000	TRANSFER		2009/10 Appropriation Act R'000
	Adjusted appropriation R'000	Roll- overs R'000	Adjust- ments R'000		Actual transfer R'000	% of available funds transferred %	
PALAMA Training Trading Account	61,149	-	-	61,149	61,149	100%	57,545
Total	61,149	-	-	61,149	61,149	100%	57,545

PUBLIC ADMINISTRATION LEADERSHIP AND MANAGEMENT ACADEMY (PALAMA)
 3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Annexures to the Annual Financial Statements

ANNEXURE 1B

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted	Roll	Adjust-	Total	Actual	% of	Appro-
	Appropriation	Overs	ments	available	transfer	available	priation
HOUSEHOLDS	Act	R'000	R'000	R'000	R'000	funds	Act
	R'000	R'000	R'000	R'000	R'000	transferred	R'000
						%	
Transfers							
Social benefits – leave gratuity	-	-	12	12	12	100%	9
Total	-	-	12	12	12	100%	9

Annexures to the Annual Financial Statements

ANNEXURE IC

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

Name Of Donor	Purpose	Opening Balance R'000	Revenue R'000	Expenditure R'000	Closing Balance R'000
Received in cash					
Local aid assistance:					
African Renaissance Fund	Training and refurbishment of a training facility	10,299	-	(299)	10,000
Canadian International Development Agency (CIDA)	Training and development in countries emerging from conflict	2,534	15,337	(9,041)	8,830
Canadian International Development Agency (CIDA)	Gender mainstreaming training	(2,497)	7,850	(4,419)	934
Flemish	Development of Women Managers in Public Service	581	-	(70)	511
Netherlands	Local Government Capacity Building	1,895	-	(84)	1,811
Common Wealth	Government Wide Monitoring and Evaluation System	28	-	-	28
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Public Sector Trainer's Forum 2009	(1,245)	1,315	(43)	27
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Research: Executive Development Programme	(500)	500	-	-
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)		-	400	(400)	-
The Presidency (Swedish)		193	-	-	193
Total aid assistance		11,288	25,402	(14,356)	22,334

PUBLIC ADMINISTRATION LEADERSHIP AND MANAGEMENT ACADEMY (PALAMA)
 3.4 Vote 11(a): Annual Financial Statements for the year ended 31 March 2011

Annexures to the Annual Financial Statements

ANNEXURE 2

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of public entity	Nature of business	Cost of investment R'000		Net asset value of investment R'000		Amounts owing to entities R'000		Amounts owing by entities R'000	
		2010/ 2011	2009/ 2010	2010/ 2011	2009/ 2010	2010/ 2011	2009/ 2010	2010/ 2011	2009/ 2010
Controlled entities									
PALAMA Training Trading Account	Training	-	-	89,157	87,236	-	-	16,407	2,388
TOTAL		-	-	89,157	87,236	-	-	16,407	2,388

PUBLIC ADMINISTRATION LEADERSHIP AND MANAGEMENT ACADEMY (PALAMA)
 3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Annexures to the Annual Financial Statements

ANNEXURE 3

CLAIMS RECOVERABLE

	Confirmed balance		Unconfirmed balance		Total	
	outstanding		outstanding			
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Government entity	R'000	R'000	R'000	R'000	R'000	R'000
<i>Department</i>						
<u>National departments</u>						
Public Service and Administration	-	-	485	638	485	638
Communications	-	-	7	-	7	-
<u>Provincial departments</u>						
Education (Eastern Cape)	-	-	168	168	168	168
Transport (Western Cape)	9	-	-	9	9	9
Education (Mpumalanga)	-	-	-	4	-	4
Office of the Premier (North West)	-	-	-	1	-	1
	9	-	660	820	669	820
<i>Other government entities</i>						
PALAMA Training Trading Account	16,407	2,388	-	-	16,407	2,388
SARS:VAT input	-	-	82	196	82	196
	16,407	2,388	82	196	16,489	2,584
Total	16,416	2,388	742	1,016	17,158	3,404

PUBLIC ADMINISTRATION LEADERSHIP AND MANAGEMENT ACADEMY (PALAMA)
 3.4 Vote II(a): Annual Financial Statements for the year ended 31 March 2011

Annexures to the Annual Financial Statements

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

Government entity	Confirmed balance		Unconfirmed balance		Total	
	outstanding		outstanding			
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
South African Revenue Services	126	155	-	-	126	155
Subtotal	126	155	-	-	126	155

Annexures to the Annual Financial Statements

ANNEXURE 5

INVENTORY

Inventory	Quantity	2010/11 R'000	Quantity	2009/10 R'000
Opening balance	9,463	227	9,271	135
Add/(Less): Adjustments to prior year balance	32	-	(1)	-
Add: Additions/Purchases - cash	13,668	405	26,706	666
Add: Additions - non-cash	9,681	-	(859)	8
(Less): Disposals	-	-	-	-
(Less): Issues	(28,365)	(637)	(25,559)	(571)
Add/(Less): Adjustments	-	174	(95)	(11)
Closing balance	4,479	169	9,463	227

3.5 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Statement of Responsibility

The Accounting Officer is responsible for the preparation and integrity of the financial statements and related information included in the annual report. In order for the Accounting Officer to discharge these responsibilities, as well as those bestowed on him in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and other applicable legislation, he has developed and maintains a system of internal controls.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions executed and recorded in accordance with generally-accepted business practices, as well as the entity's policies and procedures. Monitoring of these controls includes a regular review of their operations by the accounting officer and independent oversight by an audit committee.

The Auditor-General, as external auditor, is responsible for reporting on the Financial Statements.

The Financial Statements are prepared in accordance with SA GAAP (the South African Statements of Generally Accepted Accounting Practice) and incorporate disclosure in line with the accounting philosophy of the entity and the requirements of the PFMA. The Financial Statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer believes that the entity will be a going concern in the year ahead due to the government grant and its own generation of revenue. For this reason the accounting officer has adopted the going concern basis in preparing the Annual Financial Statements. Refer to the Accounting Officer's Report of PALAMA Vote 11(a) for the operations of the PALAMA Training Trading Account (TTA).

The Accounting Officer hereby approves the Annual Financial Statements of PALAMA TTA for the year ended 31 March 2011, as set out on pages 141 to 172.



Prof. LS Mollo
Accounting Officer
26 July 2011

3.6 Report of the Auditor-General to Parliament on the Public Administration Leadership and Management Academy Training Trading Account

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Public Administration Leadership and Management Academy (PALAMA TTA), which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 141 to 172.

Accounting Officer's responsibility for the financial statements

2. The Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act, 2009 (Act No. 12 of 2009) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 40(2) of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the PALAMA TTA as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the SA Statements of GAAP and the requirements of the PFMA and DoRA.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Restatement of corresponding figures

9. As disclosed in note 24 to the financial statements of the PALAMA TTA, the corresponding figures for 31 March 2010 have been restated as a result of an error discovered during 31 March 2011 in the financial statements of the PALAMA TTA at, and for the year ended, 31 March 2010.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 21 to 77 and material non-compliance with laws and regulations applicable to the trading entity.

Predetermined objectives

11. There were no material findings on the annual performance report concerning the presentation, usefulness and reliability of the information.

Compliance with laws and regulations

Annual financial statements, performance and annual report

12. The Accounting Officer submit financial statements for auditing that were not prepared in all material aspects in accordance with generally recognised accounting practice (and supported by full and proper records) as required by section 40(1)(a) and (b) of the PFMA. The material misstatements identified by the AGSA with regard to revenue, income received in advance, trade and other receivables, compensation of key management personnel, cash receipt from customers, and interest received for cash flow from operating activities were subsequently corrected.

Procurement and contract management

13. Three employees performed remunerative work outside their employment in the entity without written permission from the relevant authority as per the requirements of section 30 of the Public Service Act.

Expenditure management

14. The Accounting Officer did not take effective steps to prevent irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The Accounting Officer has investigated these instances of irregular expenditure and appropriate actions have been taken in this regard.
15. The Accounting Officer did not take effective steps to prevent fruitless and wasteful expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The Accounting Officer has investigated these instances of fruitless and wasteful expenditure and appropriate actions have been taken in this regard.

INTERNAL CONTROL

16. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

17. The review of the financial statements by leadership of PALAMA TTA failed to identify the material misstatements in the financial statements prior to the submission thereof for audit purposes.

Financial and performance management

18. Non-compliance with laws and regulations could have been prevented had compliance with laws and regulations been adequately monitored and reviewed.

OTHER REPORTS

Investigations

19. An investigation was conducted by an independent consulting firm on request of the entity. The investigation was initiated based on the allegation of possible misappropriation by employees of funds. The investigation resulted in criminal proceedings being instituted against the relevant employees as well as a disciplinary hearing for the employees not directly involved in the misappropriation of funds.
20. During the period an investigation was undertaken to investigate transactions where possible irregular expenditure could have been incurred by PALAMA where approvals of payments were backdated. The investigation concluded that no irregular expenditure was incurred but that internal policies and procedures were not followed and as a result appropriate disciplinary action will be taken against the respective employees.



Pretoria

29 July 2011



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Statement of Financial Performance

	Note	2010/11 R'000	2009/10 Restated R'000
REVENUE		147,289	158,030
Rendering of services - course fees		86,140	100,485
Operating grant received from PALAMA Vote 11(a)		61,149	57,545
EXPENDITURE		150,812	170,577
Administrative expenses	5	13,883	14,611
Compensation of employees	6	54,498	49,462
Marketing costs	7	331	267
Audit fees	8	2,193	2,589
Amortisation and impairment	9	1,247	1,287
Operating expenses	10	78,660	102,361
DEFICIT FROM OPERATIONS	22	(3,523)	(12,547)
Interest received	4	5,444	9,083
(DEFICIT)/SURPLUS FOR THE YEAR		1,921	(3,464)

The (deficit)/surplus is attributable to the net asset holders of the controlling department – PALAMA Vote 11(a).

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Statement of Financial Position

	Note	2010/11 R'000	2009/10 Restated R'000
ASSETS			
Non-current assets			
Intangible assets	11	5,980	4,152
Current assets			
Cash and bank balances	12	83,882	69,242
Trade and other receivables	13	37,739	33,447
TOTAL ASSETS		127,601	106,841
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus		89,157	87,236
Current liabilities			
Trade and other payables	14	28,750	15,154
Income received in advance	15	6,233	1,384
Employee benefit provisions	16	3,461	3,067
TOTAL NET ASSETS AND LIABILITIES		127,601	106,841

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Statement of Changes in Net Assets

ACCUMULATED SURPLUS	Note	R'000
Balance as at 31 March 2009		90,676
Correction of prior period errors	24	24
		90,700
Restated deficit for the year		(3,464)
Deficit for the year as previously stated		(1,492)
Correction of prior-period errors	24	(1,972)
Restated balance as at 31 March 2010		87,236
Surplus for the year		1,921
Balance as at 31 March 2011		89,157

The accumulated surplus is attributable to the net asset holders of the controlling department – PALAMA Vote 11(a).

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Statement of Cash Flows

	Note	2010/11	2009/10
		R'000	Restated R'000
Cash flows from operating activities			
Cash receipts from customers		203,424	166,894
Cash paid to suppliers and employees		(188,698)	(158,305)
Cash generated from/(utilised in) operations	17	14,726	8,589
Interest received	4	2,989	4,007
Net cash generated from/(utilised in) operating activities		17,715	12,596
Cash flows from investing activities			
Payments for intangible assets	11	(3,075)	(2,687)
Net increase/(decrease) in cash and cash equivalents		14,640	9,909
Cash and cash equivalents at the beginning of the year		69,242	59,333
Cash and cash equivalents at the end of the year	12	83,882	69,242

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements - Annexure I(b)

1. Accounting policies

1.1 Statement of compliance

The entity prepared its Annual Financial Statements as an individual entity in accordance with South African Standards of Generally Accepted Accounting Practice (SA GAAP), as required by Section 89 of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), read with Treasury Regulation 19.8.4 and 18.2.

However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act and the Treasury Regulations issued in terms of the Act.

The following are the principle accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as indicated otherwise. The principle policies have been applied for the first time for the year ended 31 March 2003 due to the establishment of the entity with effect from 1 April 2002.

1.2 Basis of preparation, presentation currency and rounding

The Annual Financial Statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the entity. Unless otherwise stated, all financial figures have been rounded to the nearest one thousand Rand (R'000).

The preparation of Financial Statements in conformity with SA GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 25.

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going-concern entity. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.3 Comparative information

Prior-year comparative information has been presented in the current year's Financial Statements. Where necessary, figures included in the prior-year Financial Statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior-year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior-year comparatives are restated accordingly.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the Financial Statements. The principle amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

1.4 Revenue recognition

1.4.1 Revenue accruing to the entity

Revenue is measured at the fair value of the consideration received or receivable. Charges for services are determined in accordance with Treasury Regulation 19.5.

1.4.2 Rendering of services

Revenue from the rendering of training services is recognised on the accrual basis over the period of instruction on a straight-line basis.

1.4.3 Transfers and subsidies received

Transfers and subsidies received represent the operating grant received from the controlling department - PALAMA Vote 11(a).

1.4.4 Interest revenue

Interest revenue is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

1.4.5 Government grants

Government grants are assistance by government in the form of transfer of resources. Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received.

Government grants whose primary condition is that the entity should purchase, construct or otherwise acquire non-current assets, are recognised as deferred revenue in the Statement of Financial Position and transferred to the Statement of Comprehensive Income on a systematic and rational basis over the useful life of the respective assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in surplus or deficit in the period in which they become receivable.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

1.5 Expenditure

1.5.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the period in which the employee renders the related service.

Social contributions include the entity's contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the period in which the employee renders the related service.

1.5.2 Short-term employee benefits

Short-term employee benefits comprise leave entitlements, 13th cheques and performance bonuses. The cost of short-term employee benefits is recognised in the period in which the employee renders the related service.

Short-term employee benefits that give rise to a present legal or constructive obligation are recognised and provided for at reporting date, based on current salary rates.

1.5.3 Long-term employee benefits

1.5.3.1 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The entity recognises termination benefits when it is demonstrably committed to either terminate the employment of the current employee according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If the benefit is due more than 12 months after the reporting date, it is discounted to present value.

1.5.3.2 Post-employment retirement benefits

The entity, through its controlling department - PALAMA Vote 11(a) - provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are charged to the Statement of Comprehensive Income in the year to which they relate.

No provision is made for retirement benefits in the Annual Financial Statements of the entity. Any potential liabilities are disclosed in the Annual Financial Statements of the National Revenue Fund.

The entity does not contribute to the medical aid of retired employees.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

1.6 Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract the terms of which require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

1.6.1 Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

1.6.2 Financial assets at amortised cost and the effective interest method

The entity's principle financial assets are 'trade and other receivables' and 'cash and cash equivalents'. These financial assets are classified as 'loans and receivables' and designated at amortised cost.

Loans and receivables are measured initially at fair value plus transaction costs. Where the effect on the fair value at initial recognition of any extended payment terms is material, an adjustment to the fair value is made to recognise the time-value of money.

Loans and receivables are subsequently measured at amortised cost using the effective interest method less any impairment (1.8.3), with interest revenue recognised on an effective yield basis in investment revenue (note 4).

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.6.3 Financial assets at fair value through profit or loss

No financial assets are designated at fair value through profit or loss (surplus or deficit).

1.6.4 Financial assets at fair value through other comprehensive income

No financial assets are designated at fair value through other comprehensive income.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

1.6.5 Impairment of financial assets at amortised cost

Financial assets that are measured at amortised cost, including finance lease receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Objective evidence of impairment could include either of the following:

- Significant financial difficulty of the issuer or counter-party;
- Default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of two years, as well as observable budget constraints that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, reflecting the impact of collateral and guarantees, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

1.6.6 Derecognition of financial assets

The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets are included in net surplus or deficit for the period.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

1.7 Financial liabilities and equity instruments

1.7.1 Classification of financial liabilities and equity

The entity operates as a trading entity under the administration of PALAMA Vote 11(a). Upon closure of the entity, all the assets and liabilities shall be transferred to the controlling department and taken on record. Consequently, debt instruments are classified as financial liabilities.

All the entity's financial liabilities are classified as 'other financial liabilities'.

1.7.2 Financial guarantee contract liabilities

Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when they are contractually due. The entity provides guarantees to commercial banks on behalf of employees' housing loans.

Financial guarantee contract liabilities are initially measured at their fair values and are subsequently measured at the higher of the amount of the obligation under the contract (as determined in accordance with IAS37: 'Provisions, Contingent Liabilities and Contingent Assets') or the amount initially recognised.

1.7.3 Other financial liabilities

The entity's principal financial liability is 'trade and other payables'.

Other financial liabilities are initially measured at fair value, net of transaction costs. Where the effect on the fair value at initial recognition of any extended payment terms is material an adjustment to the fair value is made to recognise the time-value of money.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.7.4 Derecognition of financial liabilities

The entity derecognises a financial liability or a part thereof when, and only when, the entity's obligations are discharged, cancelled, or they expire.

On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in surplus or deficit for the period.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

1.8 Assets

1.8.1 Property, plant and equipment

The entity does not recognise assets relating to items of property, plant and equipment as the controlling department, PALAMA Vote 11(a), holds all items of property, plant and equipment. The entity utilises property, plant and equipment belonging to the controlling department free of charge as part of the controlling department's administration function.

1.8.2 Intangible assets

1.8.2.1 Intangible assets acquired separately

Intangible assets acquired externally are initially recognised at historical cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

1.8.2.2 Internally-generated intangible assets

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

1.8.3 Impairment of assets

At the end of each reporting period, the entity reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets may have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit in those expense categories consistent with the function of the impaired asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

3.7 Training Trading Account (PALAMA TTA)

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1.8.4 Inventory

The controlling department - PALAMA Vote 11(a) holds inventory.

1.9 Liabilities

1.9.1 Borrowings

In terms of section 19.2.3 of the Treasury Regulations, the entity may not borrow for bridging purposes and may not run an overdraft on its banking account.

1.9.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The entity may generally not enter into finance leases as it is prohibited by Treasury Regulation 13.2.4. However, National Treasury permits entities to enter into finance leases under certain conditions as outlined in the Office of the Accountant-General practice note 5 of 2006/07 'Finance Lease Transactions', despite the provisions of Treasury Regulation 13.2.4.

1.9.2.1 The entity as lessee

Assets held under finance leases are initially recognised as assets of the entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Assets held under finance leases are depreciated over the estimated useful life of the asset on the same basis as owned assets or, where shorter, the lease term of the relevant lease.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately against surplus or deficit. Contingent rentals arising under finance leases are recognised as an expense in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.7 Training Trading Account (PALAMA TTA)

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In terms of Treasury Regulation 13.2.5, the Accounting Officer of the entity may not enter into finance lease transactions, except for agreements concluded under Public-private partnerships as contemplated in Treasury Regulation 16 and Practice Note 5 of 2007/08: "Finance Lease Transactions" issued by the Office of the Accountant-General.

The controlling department – PALAMA Vote 11(a) – enters into both finance and operating lease agreements on behalf of the entity as part of its administration function. The proportionate monthly lease payments relating to the entity are recovered by the controlling department in terms of the expenditure allocation policy. These lease payments are recognised as an expense in the periods in which they are incurred.

1.9.3 Accruals

Accruals represent goods or services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but payment has not been made.

Accruals are recognised in the Statement of Financial Position as a liability under "Trade and other payables" and as expenditure in the Statement of Financial Performance in the period to which they relate.

1.9.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are not recognised, but only disclosed in the notes to the Annual Financial Statements.

1.9.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are disclosed in the notes to the Annual Financial Statements.

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are disclosed in the notes to the Annual Financial Statements where the entity enters into lease agreements.

1.9.6 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of that cash flow.

3.7 Training Trading Account (PALAMA TTA)

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Notes to the Annual Financial Statements

When some or all of the economic benefits required to settle an obligation are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The movement relating to any provision during the reporting period is recognised in surplus or deficit.

1.10 Related party transactions

The entity has a related party relationship with its controlling national department, PALAMA Vote 11(a), and all public sector entities reporting to the Minister for Public Service and Administration.

Staff costs and certain items of goods and services of the entity are recorded in the accounting records of PALAMA Vote 11(a) and then transferred to the accounting records of the entity via journal entries.

The entity renders training services to the officials of the related parties. These training intervention transactions are on the terms approved by National Treasury. Refer to note 21.

1.11 Taxation

The entity is exempt from paying income tax in terms of section 10(1)(a) of the Income Tax Act 1962, (Act 58 of 1962).

The entity is exempt from paying VAT (Value Added Tax) in terms of the Value-Added Tax Act 1991, (Act 89 of 1991).

1.12 Government assistance

Government assistance is action by government designed to provide an economic benefit specific to the entity qualifying under certain criteria. Government assistance is not recognised in the Annual Financial Statements, but the nature, extent and duration of the assistance provided are disclosed in note 3.1.

1.13 Adoption of new and revised International Financial Reporting Standards (IFRSs)

1.13.1 Standards and interpretations in issue not yet adopted

The entity has not applied the following new or revised accounting standards or interpretations that have been issued but are not effective yet.

The entity plans to implement the standards and/or interpretations in the future financial reporting period in accordance with its effective date. The impact of implementing these standards and/or interpretations is expected to be immaterial in the context of the entity's operations.

3.7 Training Trading Account (PALAMA TTA)

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Standard	Details of amendment	Issue date	Effective date
IFRS 9			
Financial instruments: Classification and measurement of financial assets	Measurement of financial assets; Impairment of financial assets.	November 2009	January 2013

The amendments to IFRS 9 only deal with financial assets. The sections dealing with financial liabilities will be added to IFRS 9 during 2010. Applying IFRS 9 early without full knowledge of its remaining components could result in the entity being required to apply components of both IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 9 before there is a complete understanding of the entire revised standard and its implications.

2. Entity information

The PALAMA Training Trading Account (the entity) operates as a trading entity within the Republic of South Africa under the administration of PALAMA Vote 11(a) (2009/10: referred to as PALAMA Vote 8) with the aim of recovering the cost of providing organisational and staff development interventions (training services) to the public sector.

The entity operated from its main office at the ZK Matthews Building, 70 Meintjes Street, Sunnyside, Pretoria, for the year under review.

3. Public sector practices and policies

3.1 Government assistance

PALAMA Vote 11(a), as controlling department, administers the entity and facilitates the overall management of PALAMA (Vote 11(a) and the entity).

Programme 1: Administration provides the policy formulation and management responsibilities of the Director-General and certain members of PALAMA's management. Other functions provided by Programme 1 include the rendering of centralised administrative, legal, financial, supply chain management, human resource management, information communication technology services and infrastructure and the exercise of internal control.

Programme 2: Public Sector Organisational and Staff Development provides for the augmentation of the operating activities of the entity.

In line with prevailing government practices, the entity is not required to pay for the employee cost, goods and services, and cost associated with capital assets for the services rendered by PALAMA Vote 11(a). The cost of these services rendered by PALAMA Vote 11(a) to the entity in 2010/11 amounted to R62 245 000 (2009/10: R63 568 000) on the cash basis of accounting and is expected to be provided annually until closure of the entity.

In terms of the PALAMA expenditure allocation policy all expenditure incurred in connection with the rendering of organisational and staff development services on a cost-recovery basis, is expensed in the entity. All shared expenditure is allocated on a 65%/35% basis between PALAMA Vote 11(a) and the entity, respectively.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

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3.2 Declaration of surplus funds

In terms of paragraph 19.7.1 of the Treasury Regulations, the Accounting Officer of the entity must, at the end of the financial year and after the books have been closed, declare any surplus to National Treasury. The latter may apply such a surplus to reduce any proposed allocation to the trading entity or require that all or part of the surplus for the year be deposited into the National Revenue Fund. In the event of the entity incurring a deficit, the Accounting Officer of PALAMA Vote 11(a) must disclose the financial impact of such a deficit on the department in its annual report.

	2010/11	2009/10
	R'000	R'000
Cash and bank balances	83,882	69,242
Less: Trade and other payables	(28,750)	(15,154)
Less: Income received in advance	(6,233)	(1,384)
Surplus funds on the cash basis of accounting	<u>48,899</u>	<u>52,704</u>

4. Interest received

Interest received on financial assets measured at amortised cost:

Trade receivables	2,455	5,076
Bank deposits	2,989	4,007
Total	<u>5,444</u>	<u>9,083</u>

5. Administrative expenses

Lease payments	10,164	9,321
Communication cost	1,905	2,148
Property payments	(179)	1,112
Computer costs	1,563	1,053
Consumables, materials and supplies	322	698
General administrative expenses	105	198
Entertainment	4	78
Legal fees	-	3
Total	<u>13,883</u>	<u>14,611</u>

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

	Note	2010/11 R'000	2009/10 R'000
6. Compensation of employees			
6.1 Salaries and wages			
Basic salary		27,111	23,756
Other non-pensionable allowances		8,575	8,021
Performance award		703	607
Leave payments		140	8
Overtime payments		-	4
Periodic payments		-	-
Key management emoluments	21.3	13,079	12,650
Total		49,608	45,046
6.2 Social Contributions			
Pension		3,169	3,481
Medical		1,351	1,178
Official unions and associations		7	8
Leave pay provision expense		363	(251)
Total		4,890	4,416
Total compensation		54,498	49,462
6.3 Analysis of compensation paid			
Total for Branch Heads		13,079	12,650
Total for other employees		41,419	36,812
Total compensation		54,498	49,462
		121	110
7. Marketing Cost			
Advertising: Recruitment		191	128
Advertising: Tenders		-	94
Gifts and promotional items		67	27
Marketing		73	18
Total		331	267

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

	2010/11 R'000	2009/10 R'000
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8. Audit Fees

Statutory audit	<u>2,193</u>	<u>2,589</u>
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9. Amortisation and Impairment

Capitalised course development cost	727	833
Capitalised training management system development cost	520	279
Impairment of course development cost	-	175
	<u>1,247</u>	<u>1,287</u>

10. Operation Expenses

Training and consultancy services	51,993	70,238
Venues and facilities	8,497	12,781
Travel and subsistence	9,882	11,559
Movement in the allowance for doubtful debt	4,272	3,506
Stationery and printing	1,785	1,830
Staff training and development	1,068	1,481
Catering – departmental activities	1,049	962
Thefts and losses – debt written-off	-	4
Thefts and losses – fraud*	114	-
Total	<u>78,660</u>	<u>102,361</u>

*PALAMA identified fraudulent transactions in the current financial year; as a result, a forensic investigation has been conducted and concluded. Management is in the process of instituting appropriate disciplinary actions against the responsible person/s.

11. Intangible Assets

Cost	8,048	8,571
Accumulated amortisation and impairment	<u>(2,068)</u>	<u>(4,419)</u>
Carrying amount	<u>5,980</u>	<u>4,152</u>

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

11. Intangible Assets (continued)

Cost	Training courses R'000	TMS R'000	Total R'000
Balance at 1 April 2009	5,012	872	5,884
Additions	2,017	670	2,687
Balance at 31 March 2010	7,029	1,542	8,571
Additions	2,463	612	3,075
Disposal	(3,598)	-	(3,598)
Balance at 31 March 2011	5,894	2,154	8,048
Accumulated amortisation and impairment			
Balance at 1 April 2009	3,041	91	3,132
Amortisation expense	833	279	1,112
Impairment loss recognised	175	-	175
Balance at 31 March 2010	4,049	370	4,419
Amortisation expense	727	520	1,250
Disposal	(3,598)	-	(3,598)
Balance at 31 March 2011	1,178	890	2,068

Training courses: capitalised course development

TMS: capitalised training management system development

The amortisation expense and impairment loss recognised are included in the line item 'amortisation and impairment' in the statement of comprehensive income.

Training courses with no future economic benefit and fully amortised were derecognised from the intangible register 2010/11.

The following useful lives are used in the calculation of amortisation:

Capitalised course development – three years;

Capitalised training management system development – three years.

12. Cash and cash equivalents

	2010/11 R'000	2009/10 R'000
Bank balances	83,882	69,242

For the purposes of the statement of cash flows, cash and cash equivalents include cash on-hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flow agree with the related items in the Statement of Financial Position.

The carrying amount of cash and bank balances approximates their fair value due to short-term maturity. The yield on bank deposits is linked to the South African prime lending rate.

3.7 Training Trading Account (PALAMA TTA)

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13. Trade and other receivables

	Less than one year R'000	One to two years R'000	More than two years R'000	Total 2010/11 R'000	Total 2009/10 R'000
Trade receivables	30,678	4,020	10,479	45,177	39,562
Allowance for doubtful debts	-	-	(10,479)	(10,479)	(6,207)
Net trade receivables	30,678	4,020	-	34,698	33,355
Other receivables	3,041	-	-	3,041	92
Total	33,719	4,020	-	37,739	33,447

13.1 Trade receivables

Trade receivables disclosed above are classified as financial assets measured at amortised cost. All the amounts are classified as current assets. The fair value of trade and other receivables are disclosed in note 13.3.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

All invoices issued to customers must be settled within 30 days from the date of receipt of the invoice as per Treasury Regulation 8.2.3. However, due to delayed payment from customers, the entity is assumed to provide extended credit terms of 113 days (2009/10: 101 days) to customers affecting the fair value of debt raised. Implicit interest is charged in accordance with Section 80 of the PFMA at the rates specified. As at the reporting date, the rates specified were 9.5% (2009/10: 10.5%) per annum on the outstanding balance.

The entity has recognised an allowance for doubtful debts of 100% against all receivables over two years because historical experience has been that receivables that are past due beyond two years are not recoverable.

The entity's legislative mandate in terms of the Public Service Act (Act 103 of 1994, as amended by Act 30 of 2007) is to provide or oversee the provision of training on a meaningful scale in all three spheres of government.

Consequently, the entity does not assess the credit quality of customers and does not set any credit limits per customer.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period, but against which the entity has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

A review of the payment history of PALAMA's customers, based on transaction data captured in the debtor administration system, revealed an average collection period of 113 days (2009/10: 101 days) from the course date. Customers are expected to settle invoices within 60 days from the date of issue of the invoice.

3.7 Training Trading Account (PALAMA TTA)

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13.1 Trade receivables (continued)

The entity does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of off-set against any amounts owed by the entity to the counter-party.

13.2 Trade receivables past due, not impaired – 2010/11

	61 to 365 days	366 to 730 days	Total
	R'000	R'000	2010/11
Nominal value	17,985	4,020	22,005
Fair value adjustment	(167)	-	(167)
Total	17,818	4,020	21,838

Trade receivables past due, not impaired – 2009/2-10

	61 to 365 days	366 to 730 days	Total
			2009/10
Nominal value	15,809	8,310	24,119
Fair value adjustment	(131)	-	(131)
Total	15,678	8,310	23,988

13.3 Fair value of trade receivables

	2010/11	2009/10
	R'000	restated R'000
Fair value of trade receivables		
Balance at cost price	45,534	39,885
Less: Fair value adjustment	(357)	(323)
Balance at fair value	45,177	39,562

The fair value of trade receivables is based on cash flows discounted using the rate prescribed by the Minister of Finance in terms of section 80 of the PFMA of 9.5% (2009/10: 10.5%).

3.7 Training Trading Account (PALAMA TTA)

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13.4 Movement in the allowance for doubtful debt

	2010/11	2009/10 restated
	R'000	R'000
Balance at 1 April	6,207	2,701
Impairment losses recognised on receivables	4,272	3,506
Amounts written-off during the year as uncollectible	-	-
Balance at 31 March	<u>10,479</u>	<u>6,207</u>

In determining the recoverability of a trade receivable, the entity considers the movement in debt outstanding for more than two years from the date that the service is rendered to the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base and the funding provided by the National Revenue Fund to customers.

The additional allowance for doubtful debt is included in 'operating expenses' in the Statement of Financial Position.

14. Trade and other payables

	30 days	30+ days	Total 2010/11	Total 2009/10 restated
	R'000	R'000	R'000	R'000
Trade creditors	-	1,006	1,006	4,010
Accruals	11,337	-	11,337	8,756
Amount owed to PALAMA Vote 11(a)	16,407	-	16,407	2,388
Total	<u>27,744</u>	<u>1,006</u>	<u>28,750</u>	<u>15,154</u>

The entity must settle all purchases within 30 days from date of receipt of the invoice as required by Treasury Regulation 8.2.3. No interest is charged on payables. The entity has financial risk management policies in place to ensure that all payables are paid within the agreed terms.

The carrying amount of trade payables approximates their amortised cost due to their short-term maturity.

3.7 Training Trading Account (PALAMA TTA)

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15. Income received in Advance

	2010/11	2009/10
	R'000	restated R'000
Prepayments	5,972	1,123
Course development contribution	261	261
Total	6,233	1,384

16. Employee benefit provisions

	Leave entitlement	13 th cheque	Total 2010/11	Total 2009/10
	R'000	R'000	R'000	restated R'000
Opening balance	1,909	1,158	3,067	2,856
Additional provision	3,074	1,189	4,263	3,549
Provision utilised	(2,711)	(1,158)	(3,869)	(3,338)
Closing balance	2,272	1,189	3,461	3,067

The provision for employee benefits represents annual leave and capped-leave entitlements and accrued 13th cheques.

17. Net cash flow available from operating activities

	2010/11	2009/10
	R'000	restated R'000
(Deficit)/Surplus for the year	1,921	(3,464)
Non-cash movements and working capital changes	15,794	16,060
Allowance for doubtful debt	4,272	3,506
Increase in provisions	394	211
Amortisation and impairment charges	1,247	1,287
Decrease/(Increase) in receivables	(8,564)	8,865
Increase/(Decrease) in payables	18,445	2,191
Net cash inflows/(outflows) from operating activities	17,715	12,596
Interest income	(2,989)	(4,007)
Cash generated from/(utilised in) operations	14,726	8,589
Cash received on behalf of PALAMA Vote and transferred to PALAMA Vote.	62,245	-

3.7 Training Trading Account (PALAMA TTA)

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18. Contingent liabilities

Liable to	Nature	2010/11 R'000	2009/10 restated R'000
Basetsana Consulting	Contractual dispute	<u>1,765</u>	<u>1,765</u>

19. Commitments for expenditure

Current expenditure – approved and contracted	<u>3,241</u>	<u>7,938</u>
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The commitments relate mostly to goods and services required for training activities.

20. Lease commitments

All lease agreements are entered into by the controlling department – PALAMA Vote 11(a). Therefore, all lease commitments are presented and disclosed in the Financial Statements of PALAMA Vote 11(a). The lease payments are recovered from the PALAMA TTA in accordance with the expenditure allocation policy.

The controlling department, PALAMA Vote 11(a), leases office equipment used by the entity for a period of three years to 31 October 2011. The average lease payment is R68 668 per month (2009/10: R76 689) with no contingent lease payments. The lease agreements do not transfer substantially the risks and rewards associated with ownership of the assets to PALAMA. The lease agreements are not renewable at the end of the lease term and the entity does not have the option to acquire the equipment. No lease agreement imposes any restrictions.

The controlling department also leases office accommodation used by the entity for a period of five years to 31 October 2012. The renewal period is four years and 11 months. The average lease payment is R642 850 per month (2009/10: R638 002) escalating at 8.5% per year on 31 October. The agreement contains no contingent lease payments. The agreement does not transfer substantially the risks and rewards associated with ownership of the assets to PALAMA. The lease agreement imposes no restrictions.

21. Related party transactions

The entity has a related party relationship with all the public sector entities falling within the portfolio of the Minister for Public Service and Administration. In addition, PALAMA Vote 11(a) administered the entity, including the maintenance of accounting records.

During the period under review related party transactions for the provision of training, computer services and social contributions were entered into with the following:

3.7 Training Trading Account (PALAMA TTA)

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21. Related party transactions (continued)

Entity	Nature of transactions
PALAMA Vote 11(a)	Training
Department of Public Service and Administration	Training
Public Service Commission	Training
State Information Technology Agency	Computer services
Government Employees Medical Scheme	Social contributions

21.1. Trading transactions

	2010/11	2009/10
	R'000	restated R'000
Amount due (to)/by related parties on 1 April	(649)	(1,180)
Training services rendered	9,203	3,905
Payments made	(7,634)	(3,374)
Amount due (to)/by related parties at 31 March	<u>920</u>	<u>(649)</u>

21.2 Analysis of amounts owed by/to related parties

Amount due to related parties	-	(847)
Amount due by related parties	920	198
Net amount due (to)/by related parties	<u>920</u>	<u>(649)</u>

The entity rendered training services to related parties at the rates approved by the National Treasury in terms of Treasury Regulation 19.5.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior period for bad or doubtful debts in respect of the amounts owed by related parties.

21.3 Compensation of key management personnel

	2010/11	2009/10
	R'000	R'000
Paid by the controlling department		
Short-term benefits*	6,016	5,925
Paid by the entity		
Short-term benefits	13,079	12,650
Total	<u>19,095</u>	<u>18,575</u>

* Included is the amount of R1,037 (2009/10: R1,784) paid to Consultant acting in the CFO position, contract ended 31 October 2010

3.7 Training Trading Account (PALAMA TTA)

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Notes to the Annual Financial Statements

21.3 Compensation of key management personnel (continued)

Key management personnel are appointed in terms of the Public Service Act 1994, (Act 103 of 1994), as amended by Act 30 of 2007. The remuneration of the key management personnel is determined in accordance with the Senior Management Service remuneration scales issued by the Department of Public Service and Administration on an annual basis. Performance awards are approved by the Accounting Officer, having regard for the performance of the individuals.

The key management personnel of the entity include the following positions in the controlling department – PALAMA Vote 11(a): Accounting Officer; Chief Financial Officer; Chief Director: Corporate Services and the Deputy Director-General: Governance and Strategic Support.

The entity does not provide post-employment benefits or other long-term benefits to key management personnel. Any potential liabilities are disclosed in the Annual Financial Statements of the National Revenue Fund.

22. Deficit from operations

	2010/11	2009/10
	R'000	restated R'000
(Deficit)/Surplus from operations	(3,523)	(12,547)
Add: Revenue recognised as finance income	2,455	5,076
Add: PSI project expenses incurred	2,785	4,777
Surplus from operating activities	<u>1,717</u>	<u>(2,694)</u>

The balance of the PSI (Public Service Induction) project funds of R11 071 135 (2009/10: R13 855 707) is included in the accumulated surplus balance.

23. Financial instruments

23.1 Capital risk management

The entity does not have share capital that is publicly tradable on the capital markets. Upon closure of the entity, all assets and liabilities will be transferred to the controlling department as required by Treasury Regulation 19.9.

The objectives when managing capital (retained earnings) are to safeguard the entity's ability to continue as a going concern on the cost-recovery basis and to execute government priorities through service delivery. The Annual Financial Statements of the entity have been prepared on the going-concern basis.

23.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in note 1.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

23.3 Categories of financial instruments

	2010/11	2009/10
	R'000	restated R'000
Financial assets		
Amortised cost		
Cash and bank balances (Note 12)	83,882	69,242
Trade and other receivables (Note 13)	37,739	33,447
	<u>121,621</u>	<u>102,689</u>
Financial liabilities		
Amortised cost		
Trade and other payables (Note 14)	28,750	15,154
	<u>28,750</u>	<u>15,154</u>

23.4 Financial risk management objectives

The entity has limited exposure to financial risks due to its limited ownership (ownership is limited to the net asset holders of the controlling department – PALAMA Vote 11(a) and the funding of any cash deficit by the controlling department. The entity has no exposure to foreign currency risk, cash flow interest rate risk and equity price risk.

23.5 Market risk

Market risk comprises the risk that changes in market prices such as foreign exchange rates, interest rates and equity or other prices will affect the entity's revenue or value of its holdings of financial instruments.

Foreign exchange rate risk

The trade receivables balance comprises South African government debtors only, and thus no exposure to foreign exchange risk, affecting the entity's holding of financial instruments, exists at the reporting date.

Interest rate risk

The entity does not finance its operating activities through borrowings. Only interest revenue is included in the Financial Statements, comprising interest on bank balances and implicit interest adjustments made in accordance with the fair value adjustment of revenue (IAS 18) and receivables (IAS 39).

Due to the nature of the organisation, as well as the nature of the interest reflected in the statement of comprehensive income, the entity is not exposed to interest rate risk as at the reporting date.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

23.5 Market risk (continued)

Equity price risk

The entity does not invest in equity and is not exposed to market risk by way of market prices affecting its investment's equity prices.

As the entity is not exposed to any of the components comprising market risk, the current management objectives, policies and processes for managing and monitoring of this risk are adequate, and no sensitivity analysis is disclosed. No changes in the market risk profile, or management's considerations and monitoring with regard thereto occurred from the previous accounting period.

23.6 Credit risk management

Credit risk comprises the risk of financial loss to the entity, if a counter-party to a financial instrument fails to meet its contractual obligations.

The entity only transacts with entities in the national, provincial and local spheres of government and function within the pool of funds managed by National Treasury. The credit quality of government entities is therefore not assessed as these entities are considered credit-worthy.

The entity makes use of only National Treasury-approved banks representing high-credit quality financial institutions.

The entity does not hold any collateral or other credit enhancements to cover credit risk. However, any cash deficit caused by government to an entity defaulting on their contractual obligations is funded by the controlling department through augmentation as mentioned in Treasury Regulation 19.7.3.

The carrying amount of trade and other receivables recorded in the Financial Statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk without taking into account any funding by the controlling department in accordance with TR 19.7.

There has been no significant change during the financial year, or since the end of the financial year, to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

23.7 Liquidity risk management

Liquidity risk comprises the risk that the entity will not be able to meet its financial obligations as these fall due.

Ultimate responsibility for liquidity risk management rests with the Accounting Officer, who has established an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

23.7 Liquidity risk management (continued)

Maturity analysis

The entity's remaining contractual maturity for all its financial liabilities is between one and three months.

23.8 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Financial Statements approximate the fair values of these.

Financial assets at amortised cost

Trade and other receivables – refer to note 13.

Financial liabilities at amortised cost

Trade and other payables – refer to note 14.

The fair value of financial assets and liabilities measured at amortised cost is determined by discounting the future cash flows at the current interest rate prescribed by the Minister of Finance in terms of section 80 of the PFMA.

24. Prior-period error

Some accruals pertaining to the year ended 31 March 2010 were incorrectly omitted from the accruals listing as at that date.

The result of the correction of prior period is detailed below:

	2010/11 R' 000	2009/10 R' 000
Increase in administrative expenses	-	5
Increase in operating expenses	-	1,929
Increase in trade and other payables	-	(1,934)

Amortisation of intangible assets (development costs of courses) was incorrectly calculated in prior periods. The result of the correction of prior period is detailed below:

Increase in amortisation expense	-	38
Increase in accumulated amortisation	-	(14)
Increase in opening balance of accumulated surplus	-	(24)

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

24. Prior-period error (continued)

The financial statements as at 31 March 2011 have been restated to correct these errors. The impact of the restatement on the financial statements is summarised below:

	2010/11	2009/10
	R' 000	restated R' 000
The comparative amounts have been restated as follows:		
Effect on Statement of Financial Performance		
Increase in administrative expenses	-	5
Increase in operating expenses	-	1,929
Increase in amortisation expense	-	38
Increase in deficit for the year	-	1,972
Effect on Statement of Financial Position		
Increase in trade and other payables	-	(1,934)
Increase in accumulated amortisation	-	(14)
Decrease in accumulated surplus	-	1,948
Net effect on Statement of Financial Position	-	-

25. Areas of significant judgement

25.1 Fair value adjustment of receivables and payables

The calculation of the fair value adjustment of receivables is based on an assessment of the average age of receivables. All receivables are assumed to settle their accounts on the average settlement period. The receivables balance is discounted to its current fair value over this term at the government-gazetted rate. As at the reporting date, the rates specified were 9.5% (2009/10: 10.5%) per annum on the outstanding balance.

The gross payables have been assumed to approximate their fair value as the company policy is to settle all payables one month of the invoice date.

25.2 Determination of allowance for doubtful debts

The calculation in respect of the impairment of debtors is based on a historical assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to subsequently make payments. The entity has recognised an allowance for doubtful debts of 100% against all receivables over two years because historical experience has been that receivables that are past-due beyond two years are not recoverable. Refer to note 13.

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

26. Events after reporting period

The entity is not aware of any events subsequent to year-end which might require adjustment of the stated figures.

27. Unauthorised, irregular fruitless and wasteful expenditure

27.1 Irregular expenditure

The following are items of irregular expenditure incurred by the entity:

	Opening balance	Irregular expenditure	Condoned	Closing balance R'000
No prior approval was obtained for training expenditure	-	610	(610)	-
Deviation from appointing lowest bidder without motivation	-	20	(20)	-
No prior approval was obtained for catering expenditure	-	8	(8)	-
	-	638	(638)	-

Details of irregular expenditure - current year

Incident	Disciplinary steps taken	R'000
Facilitation of training without prior approval	Official resigned	513
Facilitation of training without prior approval	Appropriate action has been taken by Accounting Officer	60
Catering for training sessions without prior approval	Written warning letter to transgressor	4
Catering for training sessions without prior approval	Official resigned	4
Venue for training session without prior approval	Appropriate action has been taken by Accounting Officer	18
Development of training material without prior approval	Written warning letter to transgressor	19
Lowest bidder not accepted	Written warning letter to transgressor	20
Total		638

3.7 Training Trading Account (PALAMA TTA)

Annual Financial Statements for the year ended 31 March 2011

27.2 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided, had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The following are items of fruitless and wasteful expenditure incurred by the entity:

	Opening balance	Fruitless and wasteful expenditure	Written off	Closing balance
Cancellation fee for accommodation booked but not used	-	2	-	2
Cancellation fee for facilitator and venue that were booked but not used	-	36	(36)	-
Interest on late payment to Auditor-General	-	1	(1)	-
	-	39	(37)	2

Details of fruitless and wasteful expenditure - Current year

Incident	Disciplinary steps taken	R'000
Cancellation fee for accommodation booked but not used	Under investigation	2
Cancellation fee for facilitator and venue that were booked but not used	Written warning letter to transgressor	36
Interest on late payment to Auditor-General	Written warning letter to transgressor	1
		39

28. Approval of Financial Statements

The Financial Statements were approved by the Accounting Officer and authorised for issue.



Part Four

REPORTING

4. Human Resource Management Report

- 4.1 Expenditure
- 4.2 Employment and Vacancies
- 4.3 Job Evaluation
- 4.4 Employment Changes
- 4.5 Employment Equity
- 4.6 Human Resource Management
- 4.7 Performance Rewards
- 4.8 Foreign Workers
- 4.9 Leave Utilisation for the period 01 January 2010 to 31 December 2010
- 4.10 HIV/Aids and Health Promotion Programmes
- 4.11 Labour Relations
- 4.12 Skills Development
- 4.13 Injury on Duty
- 4.14 Utilisation of Consultants
- 4.15 Employee-initiated Severance Packages

4.1 Expenditure

The PALAMA budget provides for clearly defined programmes. The tables below (tables 5 and 6) summarise final audited expenditure on personnel by programme (table 5) and by salary band (table 6).

Table 5: Personnel costs by programme, 2010/11

Programme	Total expenditure R'000	Personnel expenditure R'000	Training expenditure R'000	Professional and special services R'000	Personnel cost as % of total expenditure	Average personnel cost per employee R'000
Vote Programme 1	54,339	21,135	307	15,152	39%	330
Vote Programme 2	61,149	-	-	-	-	-
PALAMA TTA	150,812	54,498	1,068	51,993	36%	443
Total	266,300	75,633	1,375	67,145	28%	404

Table 6: Personnel costs by salary band, 2010/11

Salary band	Personnel expenditure R'000	% of total personnel cost	Average personnel cost per employee R'000
Senior management (Levels 13–16)	38,023	50%	864
Highly-skilled supervision (Levels 9–12)	23,713	31%	389
Highly-skilled production (Levels 6–8)	11,909	16%	165
Skilled (Levels 3–5)	1,987	3%	199
Lower skilled (Levels 1–2)	0	0%	0
Total	75,633	100%	404

Tables 7 and 8 below summarise expenditure on personnel incurred as a result of salaries, overtime, home owners' allowance and medical assistance. Table 7 provides expenditure on personnel by programme and Table 8 provides expenditure by salary band. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 7: Salaries, overtime, home owners' allowance and medical assistance by programme, 2010/11

Programme	Salaries		Overtime		Home owners' allowance (HOA)		Medical assistance	
	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost
Vote Programme 1	13,537	18%	9	0%	348	0%	764	1%
PALAMA TTA	27,111	36%	0	0%	781	1%	1,351	4%
Total	40,648	54%	9	0%	1,129	1%	2,115	5%

Table 8: Salaries, overtime, home owners' allowance and medical assistance by salary band, 2010/11

Salary band	Salaries		Overtime		Home owners' allowance (HOA)		Medical assistance	
	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost
Senior management (Levels 13-16)	17,328	23%		0%	522	1%	569	1%
Highly-skilled supervision (Levels 9-12)	15,153	20%		0%	219	0%	854	1%
Highly-skilled production (Levels 6-8)	6,979	9%		0%	309	0%	695	1%
Skilled (Levels 3-5)	1,188	2%	9	0%	79	0%	153	0%
Lower skilled (Levels 1-2)	0	0%	0	0%	0	0%	0	0%
Total	40,648	54%	9	0%	1,129	1%	2,270	3%

4.2 Employment and Vacancies

Tables 9 and 10 summarise the number of posts in the approved staff establishment, the number of filled posts, the vacancy rate, and the number of filled posts that are additional to the approved staff establishment. This information is presented according to two key variables: by programme (Table 9) and by salary band (Table 10). The vacancy rate reflects the percentage of posts that are not filled as at the end of 31 March 2011.

Table 9: Employment and vacancies by programme, by 31 March 2011

Programme	No. of posts	No. of posts filled	% vacancy rate	No. of posts filled additional to the establishment
Vote Programme 1	79	64	18.9%	10
PALAMA TTA	142	123	13.3%	27
Total	221	187	15.3%	37

* Excludes 41 unfunded vacant posts and seven interns

Table 10: Employment and vacancies by salary band, by 31 March 2011

Salary band	No. of posts	No. of posts filled	% vacancy rate	No. of posts filled additional to the establishment
Senior management (Levels 13-16)	54	44	18%	3
Highly-skilled supervision (Levels 9-12)	75	61	18%	6
Highly-skilled production (Levels 6-8)	82	72	12%	28
Skilled (Levels 3-5)	10	10	0%	-
Lower skilled (Levels 1-2)	-	-	-	-
Total	221	187	15.3%	37

* Excludes 41 unfunded vacant posts

The information in Tables 9 and 10 reflects the situation as at 31 March 2011. For further indication of changes in staffing patterns over the year under review, please refer to Section 4.4 of this report.

Vacancy rate calculated on funded vacant posts

Table 10 above illustrates that the highest vacancy rate of 18% is at salary levels 13 to 16 and 9 to 12, respectively. This is as a result of the moratorium placed on the filling of posts due to the further transformation of PALAMA.

Please note that these figures do not include the seven interns who were employed from April 2010 to March 2011.

4.3 Job Evaluation

No job evaluations were conducted during the 2010/11 financial period.

4.4 Employment Changes

This section provides information on changes in employment during the financial year. Turnover rates provide an indication of trends in the employment profile of the PALAMA. Table 11 provides a summary of turnover rates by salary band.

Table 11: Annual turnover rates by salary band, 01 April 2010 to 31 March 2011

Salary band	No. of employees per band as on 31 March 2010	Appointments and transfers into the department	Terminations and transfers out of the department	% turnover rate
Senior management (Levels 13–16)	43	5	4	9%
Highly-skilled supervision (Levels 9-12)	62	2	3	5%
Highly-skilled production (Levels 6-8)	55	22	5	9%
Skilled (Levels 3-5)	12	-	2	17%
Lower skilled (Levels 1-2)	-	-	-	-
Total	172	29	14	8%

Table 11 above illustrates that the turnover rate is 8%, which is less than the norm of 10%. This may illustrate staff stability.

Table 12: Reasons why staff left PALAMA, 01 April 2010 to 31 March 2011

Termination type	No.	% of total terminations
Death	1	8%
Resignation	8	57%
Expiry of contract	1	7%
Voluntary severance packages	-	-
Transfers to other public service departments	3	23%
Dismissal – operational changes	-	-
Dismissal – misconduct	1	7%
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Total	14	100%

When calculated as a percentage of total people employed, the termination rate for the year was 8%.

Table 13: Promotions of staff by salary band, by 31 March 2011

Salary band	Employees 1 April 2010	Promotions to another salary level	Salary band promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Senior management (Levels 13–16)	43	-	-	38	88%
Highly-skilled supervision (Levels 9–12)	62	-	-	34	55%
Highly-skilled production (Levels 6–8)	55	1	2%	22	40%
Skilled (Levels 3–5)	12	-	-	10	83%
Lower skilled (Levels 1–2)	-	-	-	-	-
Total	172	1	0.5%	104	60%

4.5 Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, No. 55 of 1998.

Table 14: Total number of employees (including employees with disabilities) in each of the following occupational categories, by 31 March 2011

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers (Levels 13–16)	15	2	2	3	8	3	4	7	44
Professionals (Levels 9–12)	19	2	4	4	16	5	1	10	61
Clerks (Levels 3–8)	14	-	-	1	49	7	1	10	82
Elementary occupations (Levels 1–2)	-	-	-	-	-	-	-	-	-
Total	48	4	6	8	73	15	6	27	187
Employees with disabilities	1	-	-	-	1	-	1	-	3

Table 15: Total number of employees (including employees with disabilities) in each of the following occupational bands, by 31 March 2011

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15–16)	2	1	-	-	1	-	-	-	4
Senior management (Levels 13–14)	13	1	2	3	7	3	4	7	40
Professionally-qualified and experienced specialists and mid-management (Levels 9–12)	19	2	4	4	16	5	1	10	61
Skilled technical and academically-qualified workers, junior management, supervisors, foreman and superintendents (Levels 6–8)	9	-	-	1	44	7	1	10	72
Semi-skilled and discretionary decision-making (Levels 3–5)	5	-	-	-	5	-	-	-	10
Unskilled and defined decision-making (Levels 1–2)	-	-	-	-	-	-	-	-	-
Total	48	4	6	8	73	15	6	27	187
Employees with disabilities	1	-	-	-	1	-	1	-	3

Table 16: Recruitment of staff, 01 April 2010 to 31 March 2011

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15–16)	1	-	-	-	-	-	-	-	1
Senior management (Levels 13–14)	1	-	-	-	3	-	-	-	4
Professionally-qualified and experienced specialists and mid-management (Levels 9–12)	-	-	-	-	1	-	-	1	2
Skilled technical and academically-qualified workers, junior management, supervisors, foreman and superintendents (Levels 6–8)	2	-	-	-	16	2	-	2	22
Semi-skilled and discretionary decision-making (Levels 3–5)	-	-	-	-	-	-	-	-	-
Unskilled and defined decision-making (Levels 1–2)	-	-	-	-	-	-	-	-	-
Total	4	-	-	-	20	2	-	3	29
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 17: Terminations of staff, 01 April 2010 to 31 March 2011

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15–16)	1	-	-	-	-	-	-	1	2
Senior management (Levels 13–14)	1	-	-	1	-	-	-	-	2
Professionally-qualified and experienced specialists and mid-management (Levels 9–12)	1	-	-	-	1	-	1	-	3
Skilled technical and academically-qualified workers, junior management, supervisors, foreman and superintendents (Levels 6–8)	2	-	-	-	1	-	1	1	5
Semi-skilled and discretionary decision-making (Levels 3–5)	1	-	-	-	1	-	-	-	2
Unskilled and defined decision-making (Levels 1–2)	-	-	-	-	-	-	-	-	-
Total	6	-	-	1	3	-	2	2	14
Employees with disabilities	1	-	-	-	-	-	-	-	1

4.6 Human Resource Management

4.6.1 Signing of performance agreements by SMS members

Table 18: Performance agreements signed by SMS members, by 30 September 2010

SMS level	Total number of funded SMS posts per level	Total number of SMS members per level	Total number of signed performance agreements per level	Signed performance agreements as % of total number of SMS members per level
Director-General (Level 16)	1	1	1	100%
Deputy Director-General (Level 15)	6	5	5	100%
Chief Director (Level 14)	16	14	13	93%
Director (Level 13)	31	24	24	100%
Total	54	44	43	98%

Note: One Chief Director resigned in August 2010 before concluding a performance agreement.

4.6.2 Filling of SMS posts

Table 19: Information on SMS posts, by 31 March 2010

SMS level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	0	0%	1	100%
Deputy Director-General (Level 15)	6	5	83%	1	17%
Chief Director (Level 14)	15	14	93%	1	7%
Director (Level 13)	30	24	80%	6	20%
Total	52	43	83%	9	17%

Table 20: Information on SMS posts, by 30 September 2010

SMS level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	1	100%	0	0%
Deputy Director-General (Level 15)	6	5	83%	1	17%
Chief Director (Level 14)	16	13	81%	3	19%
Director (Level 13)	32	24	75%	8	25%
Total	55	43	78%	12	22%

Table 21: Information on SMS posts, by 31 March 2011

SMS level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	1	100%	0	0%
Deputy Director-General (Level 15)	6	3	50%	3	50%
Chief Director (Level 14)	16	14	88%	2	12%
Director (Level 13)	32	26	81%	6	19%
Total	55	44	80%	11	20%

Table 21 illustrates a vacancy rate of 20% at SMS level, which is as a result of the moratorium placed on the filling of posts due to the further transformation of PALAMA.

Table 22: Advertising and filling of SMS posts, 01 April 2010 to 31 March 2011

SMS level	Total number of funded SMS posts per level	Filling of posts	
	Number of vacancies per level advertised in six months after becoming vacant	Number of vacancies per level filled in six months after becoming vacant	Number of vacancies per level not filled in six months, but filled in 12 months
Director-General (Level 16)	-	-	-
Deputy Director-General (Level 15)	-	-	-
Chief Director (Level 14)	1	-	-
Director (Level 13)	2	-	2
Total	3	-	2

4.7 Performance Rewards

Tables 23, 24 and 25 illustrate performance awards paid out to employees in terms of race, gender and disability and salary band. The payment of performance rewards is to encourage good performance and service delivery.

Table 23: Performance rewards by race, gender and disability, 01 April 2010 to 31 March 2011

	Beneficiary profile			Cost	
	No. of beneficiaries	Total no. of employees in group as on 1 April 2010	% of total within group	Cost R'000	Average cost per employee R'000
African	21	106	20%	524	25
Male	11	50	22%	304	28
Female	10	56	18%	220	22
Coloured	5	17	29%	131	26
Male	1	4	25%	31	31
Female	4	13	31%	100	25
Indian	3	14	21%	134	45
Male	1	6	17%	21	21
Female	2	8	25%	113	56
White	18	35	51%	470	26
Male	5	9	56%	125	25
Female	13	26	50%	345	27
Total	47	172	27%	1,259	27
Employees with a disability	1	3	33%	35	35

Table 24: Performance rewards by salary band for personnel below senior management service, 01 April 2010 to 31 March 2011

Salary band	Beneficiary profile			Cost		
	No. of beneficiaries	No. of employees	% of total within salary band	Total cost R'000	Average cost per employee R'000	Total cost as a % of the total personnel expenditure
Highly-skilled supervision (Levels 9-12)	15	62	24%	408	27	0.5%
Highly-skilled production (Levels 6-8)	12	55	22%	232	19	0.3%
Skilled (Levels 3-5)	3	12	25%	34	12	0.05%
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Total	30	129	23%	674	22	0.9%

* Total costs as a percentage of the total personnel expenditure calculated as total costs divided by the personnel expenditure.

Table 25: Performance-related rewards (cash bonus) by salary band for senior management service, 01 April 2010 to 31 March 2011

Salary band	Beneficiary profile			Cost		
	No. of beneficiaries	Total no. of employees in the band	Beneficiaries % of total within band	Total cost R'000	Average cost per employee R'000	Total cost as a % of the total personnel expenditure
Band D (16)	-	1	0%	-	-	0%
Band C (15)	2	5	40%	41	21	0.05%
Band B (14)	5	13	38%	181	36	0.2%
Band A (13)	10	24	42%	356	36	0.5%
Total	17	43	40%	578	34	0.8%

* Total costs as a percentage of the total personnel expenditure calculated as total costs divided by the personnel expenditure.

Tables 24 and 25 illustrate that the total expenditure on performance rewards is 1.7% (R1 252/R74 741) of the total compensation of personnel. The amount was budgeted for:

4.8 Foreign Workers

PALAMA employed one foreign worker with dual citizenship, on a fixed-term contract, additional to the establishment, on level 6 for the period under review.

4.9 Leave Utilisation for the period 01 January 2010 to 31 December 2010

4.9.1 Utilisation of sick leave

Table 26: Sick leave, 01 January 2010 to 31 December 2010

Salary band	Total days	% days with medical certificate	No. of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Senior management (Levels 13–16)	354	81%	39	25%	9	983
Highly-skilled supervision (Levels 9–12)	438	72%	56	35%	8	538
Highly-skilled production (Levels 6–8)	425	75%	51	32%	8	208
Skilled (Levels 3–5)	97	77%	14	9%	7	26
Lower skilled (Levels 1–2)	-	-	-	-	-	-
Total	1 314	76%	160	100%	8	1 755

Table 26 reflects that the highest utilisation of sick leave is at salary levels 9-12 (35%) and 6-8 (32%), respectively. However, the highest estimated cost is at salary levels 13-16 (R983 000); this is attributed to the high remuneration packages of SMS.

4.9.2 Utilisation of annual leave

Table 27: Annual leave, 01 January 2010 to 31 December 2010

Salary band	Total days taken	Total no. of employees utilising annual leave	Average days per employee
Senior management (Levels 13–16)	985	18	55
Highly-skilled supervision (Levels 9–12)	1 314	72	18
Highly-skilled production (Levels 6–8)	1 138	64	18
Skilled (Levels 3–5)	355	47	8
Lower skilled (Levels 1–2)	-	-	-
Total	3 792	201	19

4.9.3 Utilisation of capped leave

Table 28: Capped leave, 01 January 2010 to 31 December 2010

Salary band	Total days of capped leave taken	Total no. of employees using capped leave	Average no. of days taken per employee	Capped leave credits as at 31/12/2010	Number of employees with capped leave	Average capped leave per employee as at 31/12/2010
Senior management (Levels 13–16)	-	-	-	503.31	10	50.33
Highly-skilled supervision (Levels 9–12)	1	1	1	995.79	24	41.49
Highly-skilled production (Levels 6–8)	8	1	8	225.42	10	22.54
Skilled (Levels 3–5)	-	-	-	102.72	6	17.12
Lower skilled (Levels 1–2)	-	-	-	-	-	-
Total	9	2	9	1 827.24	50	36.54

* Average capped leave per employee calculated as capped leave credits divided by the number of employees with capped leave.

4.9.4 Leave payouts

Table 29: Leave payouts, 01 April 2010 to 31 March 2011

Reason	Total amount R'000	No. of employees	Average payment per employee R'000
Leave payout for 2010/11 due to non-utilisation of leave for the previous cycle	70	2	35
Capped-leave payout on termination of service for 2010/11	0	0	0
Current leave payout on termination of service for 2010/11	139	10	14
Total	209	12	17

* Average payment per employee is calculated as the total amount divided by the number of employees. Leave payouts of six interns are excluded.

4.10 HIV/AIDS and Health Promotion Programmes

No units or categories of employees were identified to be at high risk of contracting HIV and related diseases within PALAMA. It was therefore not necessary to take specific steps to reduce the risk of occupational exposure.

Table 30: Details of health promotion and HIV/AIDS programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Ms NC Siwisa, Director: HRM & D
2. Does the department have a dedicated unit or has it designed specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		Two staff members, additional funding for projects (R180 000) and annual salaries for two staff members (R522 487). Total budget is R702 487.
3. Has the department introduced an employee assistance or health promotion programme for your employees? If so, indicate the key elements/services of this programme.	✓		Managing HIV/AIDS in the workplace Wellness management (physical, spiritual and psychological – EAP)
4. Has the department established (a) committee(s) as contemplated in Part VI E.5(e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) whom they represent.	✓		Mr R Mdlalo: Corporate Services (Chair) Members: Ms A Montana: Corporate Services Mr I Masilo: Corporate Services Ms B Barnard: Business Development Mr C Matsei: Training Coordination Ms G Manzini: Executive Development Mr J Devasahayam: Curriculum Design and Management Mr R Maphangule: International Relations and Special Projects Mr J Pietersen: Partner and Provider Mobilisation Ms S Mokganedi: Partner and Provider Mobilisation

Question	Yes	No	Details, if yes
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices reviewed.	✓		Reviewed the employment equity plan, recruitment and selection, special leave policies and developed the HIV/AIDS operational plan
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	✓		HIV/AIDS operational plan Advocacy and awareness programmes on key calendar days that focus on HIV issues.
7. Does the department encourage its employees to undergo voluntary counselling and testing (VCT)? If so, list the results that have been achieved.	✓		HIV counselling and testing (HCT) campaign adopted and 17.3% of staff tested. Encourage more testing as part of the HIV/AIDS operational plan and the HCT strategy. Conduct quarterly HIV counselling and testing for all staff.
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programmes? If so, list these measures/indicators.	✓		Quarterly reports from the service providers.

4.11 Labour Relations

No collective agreements were entered into with trade unions within PALAMA in the 2010/11 period. The main focus for consultation within the Departmental Bargaining Chamber (DBC) was on the HRM&D policies.

The following tables summarise the outcome of disciplinary hearings conducted, grievances and disputes lodged and strike actions within PALAMA for the year under review.

Table 31: Misconduct and disciplinary hearings finalised, 01 April 2010 to 31 March 2011

Misconducts and disciplinary hearings – 2010/11	No.	% of total
Correctional counselling	0	
Verbal warning	0	
Written warning	2*	50%*
Final written warning	0	
Suspended without pay	0	
Fine	0	
Demotion	0	
Dismissal	1	100%
Not guilty	0	
Case withdrawn	0	
Total	3	60%

* Four financial misconducts on irregular expenditure were noted and did not go for disciplinary hearing. Two employees had already resigned when the misconducts were detected. The total was calculated as follows: 3/5 (60%)

Table 32: Types of misconduct addressed at disciplinary hearings, 01 April 2010 to 31 March 2011

Type of misconduct – 2010/11	No.	% of total
Dismissal due to absconding from work	1	100%

Table 33: Grievances lodged, 01 April 2010 to 31 March 2011

Grievances lodged – 2010/11	No.	% of total
Number of grievances resolved	4	44%
Number of grievances not resolved	5	56%
Total number of grievances lodged	9	100%

Table 34: Disputes lodged with councils, 01 April 2010 to 31 March 2011

Disputes lodged with councils – 2010/11	No.	% of total
None		

Table 35: Strike actions, 01 April 2010 to 31 March 2011

Strike actions – 2010/11	No. of person days
Total number of working days lost	35
Total cost of working days lost	R15,190
Amount recovered as a result of no-work, no-pay policy	R15,190

Table 36: Precautionary suspensions, 01 April 2010 to 31 March 2011

Suspensions – 2010/11	No. of person days
Number of people suspended	1
Average number of calendar days suspended	29
Cost of suspension	R17,454

4.12 Skills Development

This section highlights PALAMA's efforts towards skills development among its staff.

Table 37: Training needs identified, 01 April 2010 to 31 March 2011

Occupational Categories	Gender	No. of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learner-ships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers (Levels 13–16)	Females	20	0	6	4	10
	Males	23	0	6	3	9
Professionals (Levels 9–12)	Females	32	0	9	2	11
	Males	30	0	9	2	11
Clerks (Levels 3–8)	Females	51	0	4	2	6
	Males	16	0	4	1	5
Elementary occupations (Levels 1–2)	Females	0	0	0	0	0
	Males	0	0	0	0	0
Subtotal	Females	103	0	19	8	27
	Males	69	0	19	6	25
Total		172	0	38	14	52

Table 38: Training provided, 01 April 2010 to 31 March 2011

Occupational categories	Gender	No. of employees as at 1 April 2010	Training provided within the reporting period			
			Leamer-ships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers (Levels 13–16)	Females	20	0	3	4	7
	Males	23	0	2	3	5
Professionals (Levels 9–12)	Females	32	0	4	2	6
	Males	30	0	4	2	6
Clerks (Levels 3–8)	Females	51	0	3	2	5
	Males	16	0	3	1	4
Elementary occupations (Levels 1–2)	Females	0	0	0	0	0
	Males	0	0	0	0	0
Sub-total	Females	103	0	10	8	18
	Males	69	0	9	6	15
Total		172		19	14	33

Comparison of tables 37 and 38 illustrate that during this reporting period, employees were trained on 63.4% (33/52) of the identified total training needs.

4.13 Injury on Duty

Table 39 provides basic information on injury on duty.

Table 39: Injury on duty, 01 April 2010 to 31 March 2011

Nature of injury on duty	Number	% of total number of staff
Required basic medical attention only	1	0.5%
Total	1	0.5%

4.14 Utilisation of Consultants

Table 40: Report on consultant appointments using appropriated funds, 01 April 2010 to 31 March 2011

Project title	Total no. of consultants	Duration in workdays	Contract value R'000
Management consulting	-	-	-
Change consultants	-	-	-
Financial consulting	3	275	1 649
Legal consultants	1	120	9
Temporary administrative staff	1	160	2,820
Internal audit services	1	240	1,199
AMDIN management consultants	-	-	-
Induction programme	20	two days per training session	3,376 per day
International relations	2	-	1,159
Training of national and provincial departments and local government	118	two to five days per training session	2,848 – 6,204 per day
Facilities management services	1	240	1,602
IT outsourced services	1	240	6,096
Total			

Table 41: Report on consultant appointments using donor funds, 01 April 2010 to 31 March 2011

Consultant appointments	Total
Number of consultants appointed	7

4.15 Employee-initiated Severance Packages

None



MONITORING

BUDGET

GOVERNANCE

EFFICIENCIES

Part Five

5. Other Information

- 5.1 Abbreviations and Glossary of Terms
- 5.2 Contact Details

5.1 Abbreviations and Glossary of Terms

AMDIN	African Management Development Institutes' Network
AMDP	Advanced Management Development Programme
BAS	Basic Accounting System
CAPAM	Commonwealth Association of Public Administration and Management
CIDA RCB	Canadian International Development Agency Regional Capacity Building
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DRC	Democratic Republic of Congo
EC	Eastern Cape
EDP	Executive Development Programme
EMDP	Emerging Management Development Programme
ENE	Estimates of National Expenditure
ETQA	Education and Training Quality Assurance
FMDP	Foundation Management Development Programme
FPE	Facilitator and Participant Evaluation
GMP	Gender Mainstreaming Programme
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HEI	Higher Education Institution
HRD	Human Resource Development
HRM&D	Human Resource Management and Development
IASIA	International Association of Schools and Institutes of Administration
IBSA	India Brazil South Africa
IFRS	International Financial Reporting Standards
IGW	Inter-Governmental Workshop
IIC	Independent Individual Contractor
InWEnt	Internationale Weiterbildung und Entwicklung gGmbH
JICA	Japan International Cooperation Agency
JMMS	Junior and Middle Management Service
KZN	KwaZulu-Natal
LGSETA	Local Government Sector Education and Training Authority

M&E	Monitoring and Evaluation
MDI	Management Development Institute
MIP	Massified Induction Programme
MPSA	Ministry for Public Service and Administration
NC	Northern Cape
NQF	National Qualifications Framework
NW	North West
ODA	Official Donor Assistance
OPSC	Office of the Public Service Commission
PAA	Public Audit Act
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PALAMA	Public Administration Leadership and Management Academy
PMDS	Performance Management and Development System
PFMA	Public Finance Management Act
PSETA	Public Sector Education and Training Authority
PSI	Public Service Induction
PSTF	Public Sectors Trainers' Forum
PTD	Person Training Day
REQ	Reaction Evaluation Questionnaire
SALGA	South African Local Government Association
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SETA	Sector Education and Training Authority
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMS	Senior Management Service
TNA	Training Needs Analysis
ToT	Training of Trainers

5.2 Contact Details

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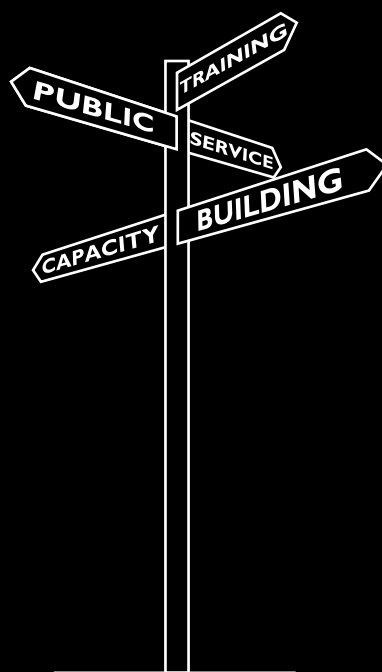
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ANNUAL REPORT 2010/11

ISBN 978-0-620-51140-7
RPI82/2011